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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Joint Application of Pacific Gas and Electric Company (U 39 G), Pleasant Creek Gas Storage Holdings, LLC, and eCORP Natural Gas Storage Holdings, LLC for Approval of the Sale of the Pleasant Creek Gas Storage Field Under Public Utilities Code Section 851, Transfer of Certificate of Public Convenience and Necessity, and Designation as an Independent Storage Provider.

Application 23-07-____
(Filed July 18, 2023)

**JOINT APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 G),
PLEASANT CREEK GAS STORAGE HOLDINGS, LLC AND ECORP NATURAL GAS
STORAGE HOLDINGS, LLC FOR APPROVAL OF THE SALE OF THE PLEASANT
CREEK GAS STORAGE FIELD UNDER PUBLIC UTILITIES CODE SECTION 851,
TRANSFER OF CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, AND
DESIGNATION AS AN INDEPENDENT STORAGE PROVIDER**

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Date: July 18, 2023

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DESIGNATION AS AN INDEPENDENT STORAGE PROVIDER**

Pursuant to California Public Utilities Code Section 851 and Rules 2.1, 2.2, 2.4, and 3.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”) and the decisions issued by this Commission, Pacific Gas and Electric Company (“PG&E”), Pleasant Creek Gas Storage Holdings, LLC (“Pleasant Creek LLC”) and eCORP Natural Gas Storage Holdings, LLC (“eCORP Holdings”) (Pleasant Creek LLC and eCORP Holdings, together, the “Buyer Applicants” and, collectively with PG&E, the “Joint Applicants”) request approval of PG&E’s sale of the Pleasant Creek Gas Storage Field (“PCGS”) and associated requests related to Pleasant Creek LLC’s purchase thereof.

I. SUMMARY OF THE JOINT APPLICATION

Pursuant to Section 851 of the Public Utilities Code and Commission decisions, the Joint Applicants seek Commission authorization for the following (collectively, the “Proposed Transaction”):

- Authorize PG&E to sell PCGS to Pleasant Creek LLC in accordance with the terms and conditions of the Sale Agreement for the Pleasant Creek Gas Storage Field between PG&E and Pleasant Creek LLC, dated March 28, 2023 (“Purchase and Sale Agreement” or “PSA”);
- Grant the transfer of PG&E’s CPCN¹ to Pleasant Creek LLC to provide public utility natural gas storage services from PCGS²;
- Authorize Pleasant Creek LLC to operate PCGS as an Independent Storage Provider (“ISP”), and accordingly authorize Pleasant Creek LLC to offer natural gas storage services at terms and conditions generally consistent with those that the Commission has approved for other ISPs, including market-based rates;
- Authorize Pleasant Creek LLC to submit a tariff to provide public utility services as an ISP through an advice letter process;
- Find that the proposed sale is not a “Project” and thus not subject to California Environmental Quality Act (“CEQA”) and it is otherwise exempt from the requirements of CEQA; and
- Approve ratemaking for the proposed sale, which PG&E estimates will benefit customers by \$11.6 million.

On March 28, 2023, PG&E and Pleasant Creek LLC executed the PSA setting forth the terms of the Proposed Transaction, which is included as Attachment A.³ As detailed below, the Proposed Transaction is in the public interest.

First, the Proposed Transaction is in the public interest because upon Pleasant Creek LLC’s acquisition of PCGS, PG&E and its customers will be relieved of any further costs or

¹ CPCN issued in Decision (“D.”) 58388.

² In connection with authorizing the transfer of the CPCN to Pleasant Creek LLC, the Commission should also designate a public utility number for Pleasant Creek LLC. Such a public utility number is necessary for Pleasant Creek LLC to submit filings to the Commission.

³ Attachment A also includes a minor amendment to the Purchase and Sale Agreement dated May 2, 2023. This First Amendment corrects for a typographical error in Section 4.3 of the PSA.

financial risks with respect to the decommissioning.⁴ The amount that PG&E is obligated to pay Pleasant Creek LLC for it to become fully responsible for the decommissioning of PCGS is significantly less than the projected costs for PG&E to conduct and remain responsible for the decommissioning.

Second, the Proposed Transaction will potentially provide an effectively new operating storage field, at no cost or risk to PG&E and gas consumers in Northern California. Upon acquiring PCGS, Pleasant Creek LLC intends to complete its analysis of what is required to bring the storage field wells into compliance with current regulations and thereafter resume storage operations. If such actions, as expected, are feasible, Pleasant Creek LLC would then seek to obtain the necessary environmental and other governmental approvals to perform development work on PCGS to comply with applicable laws and regulations. Pleasant Creek LLC will be totally at risk for these developmental expenditures. If Pleasant Creek LLC is ultimately successful in restoring PCGS into an operating storage facility, natural gas consumers in Northern California will benefit through enhanced storage market opportunities and competition.

As explained in depth below, the Proposed Transaction meets all the requirements for the Commission to approve PG&E's sale of PCGS. As required by Commission Rule 3.6, the Joint Applicants are providing detailed descriptions of the corporate entities involved in the Proposed Transaction, a description of the property involved, the reasons for the Proposed Transaction, the agreed purchase price, and a description of the PSA. The Joint Applicants also demonstrate that the Proposed Transaction is in the public interest and satisfies the requirements set forth in Section 851 and Section 854. Finally, the Joint Applicants demonstrate compliance with applicable Commission Rules of Practice and Procedure, including that the proposed sale is not a "project" and thus not subject to review under CEQA.

⁴ PSA Section 5.10 is explicit: "[Pleasant Creek LLC] shall be solely responsible for the performance of all Decommissioning Obligations with respect to [PCGS]."

Based on the showing made in this Joint Application, the Joint Applicants respectfully request that the Commission (i) approve the proposed sale, (ii) authorize the transfer of the CPCN currently held by PG&E and necessary for Pleasant Creek LLC to use PCGS to provide public utility natural gas storage services, (iii) authorize Pleasant Creek LLC to provide such public utility services as an ISP, (iv) authorize Pleasant Creek LLC to submit a tariff to provide public utility services as an ISP through an advice letter process, (v) find the proposed sale is not subject to CEQA and is otherwise exempt from CEQA, and (vi) approve the ratemaking treatment for the proposed sale.

II. BACKGROUND

PCGS is an underground natural gas storage field located in Yolo County, California, west of Davis and at the northwest edge of the City of Winters. The storage facility's address is 27094 County Road 32A, Winters, CA, 95694. PG&E owns 400 acres of land and holds subsurface rights on an additional 2,167 acres. PCGS is connected by a 12-inch pipeline to PG&E's intrastate backbone gas transmission Line 400 and is also connected to PG&E's electric distribution system.

During its operating period, PCGS had a working storage capacity of 2.3 billion cubic feet ("Bcf"). The storage facility is designed for maximum injections of 32 million cubic feet ("MMcf") per day and maximum withdrawals of 70 MMcf per day. Approximately 5.74 Bcf of gas remains in the reservoir. PCGS currently includes six active injection/withdrawal wells, including all appurtenant tubing and casing runs, an automatic surface safety valve, liquids separator, aboveground tank for collecting liquids, flow meter, four plugged and abandoned wells, and remaining appurtenant equipment.

PCGS also includes a compressor station, gas measurement equipment, and air monitoring equipment. PCGS includes eleven segments of active gas pipeline totaling approximately 1.76 miles in length. This active pipe ranges in diameter from 4.5 inches to 12.75 inches, and in maximum allowable operating pressure (MAOP) from 975 to 1,300 psig. In

addition to the active pipe, there are three segments of deactivated gas pipeline totaling approximately 1.29 miles.

Shell Oil Company discovered the Pleasant Creek natural gas resource in 1948. Shell developed and produced gas from the resource until PG&E purchased the property in 1958. PG&E then developed the resource into a gas storage field. The Commission granted PG&E a CPCN to construct, operate and maintain PCGS⁵ and to recover through general rates PG&E's associated capital and operating costs. The CPCN was based on an optimum working storage capacity of 3.25 Bcf. PG&E commenced providing public utility storage operations from PCGS in 1960 and continued active operations through October 2020.

In 2017, PG&E and other stakeholders, including several ISPs and The Utility Reform Network, met and agreed that PG&E's gas storage capacity over time had exceeded its reliability needs. To respond to this, PG&E and the other stakeholders proposed a natural gas storage strategy intended to decrease long-term costs for PG&E and its customers by restructuring its gas storage asset holdings.⁶ This strategy, as outlined in a joint Memorandum of Understanding (the MOU) among the parties, included discontinuing storage operations at PCGS and either selling or decommissioning the field, rather than incurring costs to retrofit the field to comply with new regulations. PG&E submitted its strategy and the MOU to the Commission as part of its 2019 Gas Transmission and Storage Rate Case for approval. The Commission approved PG&E's proposal, requiring PG&E to attempt to sell PCGS prior to decommissioning the storage field.⁷ The Commission subsequently adopted a schedule and procedure for the offering.^{8,9} PG&E discontinued gas injections at PCGS in July 2019 and disconnected the gas compressor in September 2020.

⁵ D.58388.

⁶ See Pacific Gas and Electric Company Proposing 2019 Gas Transmission and Storage Rate Case Prepared Testimony, Vol 1 of 2, Chapter 11, A.17-11-009 (Nov. 17, 2017).

⁷ D.19-09-025, at 327, (Ordering Paragraph ("OP") 42).

⁸ Energy Division Letter Accepting PG&E Advice Letter 4210G (June 24, 2020), https://www.pge.com/tariffs/assets/pdf/adviceletter/GAS_4210-G.pdf.

⁹ On July 21, 2020, the Energy Division granted PG&E's request for a four-month extension of time to initiate sale activities.

On December 1, 2020, PG&E announced via press release that it was seeking buyers for PCGS.¹⁰ PG&E posted a sale announcement on its various websites and Business Wire and sent the same announcement to nearly 100 targeted entities and to the service lists in several major Commission cases. PG&E directly contacted or was contacted by approximately forty-five entities. Twelve of these entities were sufficiently interested to sign mutual non-disclosure agreements, which allowed them access to confidential offering materials and a confidential Virtual Data Room. On March 1, 2021, five of the twelve entities submitted indicative bids. PG&E advanced three bidders to the final round of bidding. On June 1, 2021, two of the top three bidders submitted final bids. On July 15, 2021, PG&E selected Pleasant Creek LLC as the winning bidder.¹¹

Pleasant Creek LLC and PG&E executed the PSA on March 28, 2023. Pleasant Creek LLC was attracted to the purchase of PCGS for a multitude of reasons, particularly the potential to recommence storage operations. Pleasant Creek LLC has conducted an initial development analysis of PCGS, which showed potential to restore the storage field. Upon its acquisition of PCGS, Pleasant Creek LLC intends to complete its feasibility assessment of bringing the storage field wells into compliance with California Department of Conservation, Geologic Energy Management Division (“CalGEM”) regulations and, if feasible, to take the steps necessary to resume storage operations.

¹⁰ <https://investor.pgecorp.com/news-events/press-releases/press-release-details/2020/PGE-Seeks-Buyers-for-its-Pleasant-Creek-Natural-Gas-Storage-Field-Located-in-Yolo-County/default.aspx>.

¹¹ PG&E selected Pleasant Creek LLC as the winning bidder based on a number of factors described in detail in Chapter 2, Sections C.2., C.4. and C.5.

III. THE PROPOSED SALE

A. Parties to the Sale (Rule 3.6(a))

1. The Seller – Pacific Gas and Electric Company

PG&E is a public utility providing electricity and gas service to customers in Northern and Central California that is well known to this Commission. PG&E was incorporated in California in 1905. PG&E's history with PCGS is described in the Background section above.

2. The Buyer and Affiliated Companies

a. Pleasant Creek Gas Storage Holdings, LLC

Pleasant Creek LLC is a Delaware limited liability company with headquarters in Houston, Texas. Pleasant Creek LLC was formed in 2023 for the purpose of first acquiring PCGS, thereafter initiating the actions necessary to restore it to operating capability, with the goal of ultimately providing services from a natural gas storage facility as a Commission-regulated ISP. All of the limited liability company interests in Pleasant Creek LLC are owned by eCORP Holdings.

For purposes of funding Pleasant Creek LLC's pre-acquisition activities, Pleasant Creek LLC has obtained financing through the execution of a Credit Agreement (and associated agreements referenced below) with Citadel Energy Marketing LLC ("CEM"). Pleasant Creek LLC shall fully repay the CEM loan at closing from the funds that PG&E shall pay to Pleasant Creek LLC in connection with closing of the acquisition of PCGS.

b. eCORP Natural Gas Storage Holdings, LLC

eCORP Holdings is a Delaware limited liability company with headquarters in Houston, Texas. eCORP Holdings is a member of the eCORP International, LLC family of related companies (described further below). eCORP Holdings was created in 2023 for the purpose of owning the membership interests of Pleasant Creek LLC and participating in Pleasant Creek LLC's acquisition and intended restoration and ultimate operation of PCGS.

John F. Thrash is the sole Member and the Manager of eCORP Holdings. In connection with the CEM loan, the eCORP Holdings limited liability agreement has been amended and restated to address certain matters, including to provide CEM with the ability to appoint an independent Manager of eCORP Holdings.¹²

c. The eCORP Family of Affiliated Companies

The corporate predecessor to eCORP International, LLC was founded in 1978 by members of the Thrash family. Certain eCORP-related companies and their respective principles (collectively, the “eCORP Group”) have been involved in the development, ownership, and/or operation of numerous gas storage projects in the United States.

Within California, eCORP Storage LLC, another member of the eCORP Group, together with an affiliate of Sciens Capital Management (“Sciens”) previously formed SENSEA Holdings, LLC (“SENSEA”) for the purpose of acquiring Gill Ranch Storage, LLC (“Gill Ranch LLC”). Gill Ranch LLC at the time already owned a 75 percent undivided interest in the Gill Ranch Storage Facility¹³ located in Fresno County. In D.19-12-006, the Commission authorized SENSEA to purchase the ownership interests of Gill Ranch LLC and to continue to provide natural gas storage services as an ISP from the Gill Ranch Storage Facility. Gill Ranch LLC,

¹² In addition to the Credit Agreement and the First Amended and Restated Limited Liability Company Agreement of eCORP Holdings:

(i) Pleasant Creek LLC, eCORP Holdings and CEM have executed:

- (a) a Guaranty, Pledge and Security Agreement,
- (b) a Deposit Account Control Agreement with Zions Bankcorporation, N.A. (d/b/a Amegy Bank) pursuant to which CEM has a “springing” right to take control of the eCORP Holdings bank account into which the CEM loan was funded following the occurrence of an event of default by Pleasant Creek LLC and/or eCORP Holdings under the Credit Agreement, and
- (c) a Gas Storage Optimization Services Agreement pursuant to which CEM will provide certain “storage optimization services” to Pleasant Creek LLC with respect to PCGS and be compensated by sharing in Pleasant Creek LLC’s “Net Income” from its ownership and operation of PCGS,

(ii) Pleasant Creek LLC (in its capacity as “Borrower” under the Credit Agreement) issued a promissory note in favor of CEM (in its capacity as “Lender”) with respect to Pleasant Creek LLC’s obligation to repay the CEM loan, and

(iii) Pleasant Creek LLC, eCORP Holdings, John F. Thrash and CEM have executed a Right of First Refusal letter agreement providing CEM with certain rights with respect to eCORP Holdings’ and its subsidiaries’ possible future investments in natural gas storage facilities other than PCGS.

¹³ PG&E owns the other 25 percent undivided interest in the Gill Ranch Storage Facility.

under SENSEA's ownership, commenced providing such ISP services in December 2020.¹⁴ Other than the above-described shared ownership of Gill Ranch Storage Facility, no current member of the eCORP Group presently owns or operates any storage assets in California.

The eCORP Group develops, maintains, and operates their natural gas storage facilities with the business objective to exceed industry and regulatory standards with respect to safety and the environment. The eCORP Group places the highest priority on the safety of storage operations.

The eCORP Group innovates technological solutions to address challenging geologic and reservoir conditions in natural gas storage facilities while concurrently maintaining a commitment to environmentally-sensitive development and safety operating best practices (e.g., surface aesthetics, noise/light abatement, infrastructure impacts). In owning, operating and developing natural gas storage facilities, the eCORP Group's policy is to work closely with all regulators, legislators, community leaders, and other stakeholders with the intent to own, develop, operate and maintain the facilities in an environmentally-sound, community responsive, and safe manner.

The eCORP Group was among the earliest developers to use large bore horizontal wells to develop reservoir storage with higher injection and withdrawal rates in rock formations that had been regarded by some developers as unsuitable for storage development, if using only vertical well bores, including building in the early 1990s the first all horizontal well natural gas storage facility in the United States.

The eCORP Group also has successfully plugged and abandoned numerous wells throughout its existence.

¹⁴ For the initial 18 months, Gill Ranch LLC operated the storage facility by means of a Transition Services Agreement with the prior owner. Since June 2022, Gill Ranch LLC has operated the facility directly.

In 2002, a former eCORP Group member designed and constructed the Stagecoach Storage Facility in upstate New York, using all horizontal wells which achieved very high performance from a low porosity/permeability depleted reservoir.¹⁵

Further, over the years, the eCORP Group has been able to obtain significant financing for development and improvement projects. Members of the eCORP Group have arranged hundreds of millions of dollars in connection with these projects.

B. Description of the Property Involved in the PSA, Including Net Book Value and Original Cost (Rule 3.6(b))

As described above, PCGS is an underground natural gas storage field located in Yolo County, California, west of Davis and at the northwest edge of the City of Winters. PCGS includes 400 acres of land and holds subsurface rights on additional 2,167 acres. PCGS is connected by a 12-inch pipeline to PG&E's intrastate backbone gas transmission Line 400 and is also connected to PG&E's electric distribution system. The gas reservoir has a working storage capacity of 2.3 Bcf. Six wells and a compressor are designed for maximum injections of 32 MMcf per day and maximum withdrawals of 70 MMcf per day, and approximately 5.74 Bcf of gas remains in the reservoir. A more thorough description of the property is included in Exhibits A through D of the PSA.

As of December 31, 2022, the net book value for PCGS was \$3.4 million and the original (also called historical) cost was \$14.6 million, both excluding the net book value of the gas remaining in the field.

C. Reasons for the Sale (Rule 3.6(c))

1. The Sale is in PG&E's Customers' Best Interest

As mentioned above, continued operation of PCGS by PG&E would have required significant costs to retrofit its existing wells to comply with new "tubing and packer"

¹⁵ No current member of the eCORP Group presently owns or operates the Stagecoach Storage Facility.

regulations.¹⁶ In light of reduced demand and PG&E's other storage operations, PG&E determined that these costs are not justifiable and would be an inefficient use of resources. Sale of PCGS is thus preferable to continued operation by PG&E.

Furthermore, by selling PCGS rather than decommissioning it, PG&E is able to avoid imposing additional decommissioning and remediation costs on customers. The proposed sale is estimated to result in a cost savings of \$11.6 million for PG&E's customers. This calculation is described in greater detail in Chapter 4 of testimony (Accounting and Ratemaking).

2. Pleasant Creek LLC can Either Safely Decommission PCGS or Restore PCGS and Provide Incremental Valuable Storage Services to California Natural Gas Consumers

The eCORP Group was attracted to the Proposed Transaction as the opportunity it offers is consistent with both their business objectives and philosophies. Members of the eCORP Group have been engaged in acquiring, operating, and mechanically and commercially optimizing strategically located, underground gas storage facilities in the United States, including Gill Ranch Storage Facility. Deregulation of the natural gas industry has resulted in a disaggregated value chain wherein customers often enter into multiple contracts ranging from wholesale supply to end-use retail. By offering improved storage functionality which customers can combine with regional third-party wholesale supply and transportation contracts, the storage platform the eCORP Group would propose to offer, together with other market participants, may provide natural gas customers with more flexible and responsive solutions.

If Pleasant Creek LLC acquires PCGS, it will (1) safely decommission PCGS with no incremental cost to PG&E or its customers; or (2) if feasible from financial, regulatory, and operating perspectives, restore PCGS into a fully compliant and efficient natural gas storage facility.

¹⁶ These regulations were issued by the California Department of Conservation, Geologic Energy Management Division ("CalGEM") at Title 14 CCR § 1726 *et seq.*

Absent the Commission's approval of the Proposed Transaction, PG&E currently has the obligation to decommission PCGS. As further explained below, if Pleasant Creek LLC acquires PCGS, the PSA would impose "sole" responsibility on Pleasant Creek LLC "for the performance of all Decommissioning Obligations with respect to" PCGS. While Pleasant Creek LLC would prefer its restoration option over decommissioning, Pleasant Creek LLC needs additional information prior to determining the financial, permitting and technical feasibility of restoring PCGS. If restoration of PCGS ultimately proves infeasible, Pleasant Creek LLC will be able to safely decommission PCGS. Pleasant Creek LLC will enter into a turnkey agreement with a major engineering, procurement and construction company to decommission PCGS with an evergreen provision. Notably, none of the costs to decommission the facility would be borne by PG&E customers.

Pleasant Creek LLC and the eCORP Group have conducted initial development analysis of PCGS. Based on that initial analysis, Pleasant Creek LLC believes it can be financially and environmentally feasible to bring the field into compliance with CalGEM regulations and thereafter resume storage operations. One option Pleasant Creek LLC is considering would be to plug and abandon all six existing vintage 1940s injection/withdrawal wells and use up to two new horizontal wells drilled to replace certain of the existing wells. These new contemporary design horizontal wells are expected to be more efficient than the six existing wells and thus reduce the number of well heads from six to two (or one), while maintaining the original capabilities.

Pleasant Creek LLC believes that the PCGS wells might achieve higher injection/withdrawal rates and use less cushion gas to access the field with this updated approach to using the storage capacity. Importantly, these initial development plans remain subject to change once Pleasant Creek LLC has ownership of and complete access to the facility and is able to conduct additional studies and analysis as owner of PCGS. Pleasant Creek LLC will also seek any necessary environmental and other governmental approvals to perform any ultimate development activities it pursues.

D. Purchase Price (Rule 3.6(d))

PG&E and Pleasant Creek LLC negotiated a Transfer Payment of (i) a lump sum cash amount of \$11.5 million to be paid by PG&E to Pleasant Creek LLC at the Close of Escrow and (ii) the assumption by Pleasant Creek LLC of any and all obligations and liabilities of any kind or nature whatsoever related to, arising from or associated with PCGS, to the extent arising after the Close of Escrow. An appraisal was not performed for PCGS because the sale of PCGS was subject to a public request for offer, which helped determine its market value.

E. Description of the Purchase and Sale Agreement (Rule 3.6(f))¹⁷

Pursuant to the terms of the PSA, and pending Commission approval, PG&E shall sell, and Pleasant Creek LLC shall accept, all of the rights, title and interests in and to PCGS. The closing of the proposed sale is conditioned upon approval of this Joint Application by the Commission.¹⁸

After the acquisition, Pleasant Creek LLC represents that it will operate and maintain PCGS with the same priorities of safety and environmental compliance in the same manner as PG&E has historically operated it – manual operations, remote monitoring, and in compliance with various state and local permits. Thus “operations,” or actual safe preservation of PCGS’s current status, including any retrofitting and/or plugging and abandonment activities necessary, will continue in exactly the same safe, environmentally compliant, efficient manner as the day before the acquisition. Pleasant Creek LLC shall maintain PCGS with either its own or third-party individuals and will not retain any of PG&E’s employees.

PG&E’s customers will be relieved of further liability, as Pleasant Creek LLC will purchase the field “as is, where is, with all faults.”¹⁹ Additionally, the PSA imposes “sole” responsibility on Pleasant Creek LLC “for the performance of all Decommissioning Obligations with respect to” PCGS.²⁰

¹⁷ A copy of the text of the PSA is attached as Attachment A.

¹⁸ See PSA Section 2.3.

¹⁹ PSA Section 5.1.

²⁰ PSA Section 5.10.

To best ensure that Pleasant Creek LLC has and maintains the financial capability to implement the decommissioning, the PSA obligates Pleasant Creek LLC to post “Decommissioning Security” of at least \$29,598,787.²¹ Section 5.11(b) of the PSA further provides that PCGS must maintain the Decommissioning Security “in full force and effect and be enforceable until all Decommissioning Obligations have been completed.”²²

IV. THE PROPOSED TRANSACTION SATISFIES THE STANDARDS OF SECTION 851 AND EACH OF THE SECTION 854 CRITERIA

A. The Proposed Transaction Satisfies the Section 851 Requirements as it Advances the Public Interest and Poses No Harm or Risk of Harm

Public Utilities Code Section 851 provides that no public utility “shall ... sell [or] lease... property necessary or useful in the performance of its duties to the public... without first having ... secured an order from the Commission authorizing it to do so.” The Commission has “held that the relevant Section 851 inquiry is whether the proposed transaction is ‘adverse to the public interest.’”²³ The public interest is served when utility property is used for other productive purposes without interfering with the utility’s operation or affecting service to utility customers.²⁴

This Joint Application demonstrates that the Proposed Transaction is not adverse to the public interest and, indeed, advances the public interest. The Commission and PG&E have determined that PCGS is no longer necessary to PG&E’s performance of its duties to the public. The Commission approved PG&E’s proposal to decommission PCGS, subject to PG&E demonstrating that it has first attempted to sell PCGS.²⁵ By selling PCGS rather than

²¹ PSA Section 5.11. The \$29.6 million estimate is PG&E’s most recent estimate of its costs to decommission. This estimate is lower than the prior \$31.3 million estimate included in PG&E’s most recent General Rate Case and thus forecast in customer rates. For purposes of PG&E’s ratemaking recommendation in this Joint Application, the larger estimate is used because it is the amount currently proposed for cost recovery in the 2023 General Rate Case.

²² Note that if PCGS is restored and recommences storage services, Pleasant Creek LLC will likely seek to remove the then extraneous Decommissioning Security.

²³ D.20-03-018, at 7; *see also* D.20-08-038, at 3 (“Pub. Util. Code § 851 requires the Commission to review the proposed transaction, before it takes place, in order to assure that it is in the public interest, or at the very least, not adverse to the public interest.”).

²⁴ D.06-01-021, at 14 (*citing* D.00-07-010 at 6); *see also* D.02-01-058.

²⁵ D.19-09-025, at 327 (OP 42).

decommissioning it, PG&E is able to mitigate the costs it would otherwise have to charge its customers for the decommissioning costs PG&E would have incurred. The negotiated amount that PG&E is obligated to pay Pleasant Creek LLC to assume the decommissioning responsibilities represents a significant savings to PG&E's customers as compared to the non-sale option of PG&E retaining responsibility for the costs and risks of decommissioning.

In addition to providing the least-cost decommissioning option, the Proposed Transaction provides the opportunity for a currently inoperable gas storage facility to ultimately be transformed into a more modern, fully compliant natural gas storage facility. Assuming the Commission approves the Proposed Transaction and grants the Joint Applicants' requests herein, Pleasant Creek LLC will complete its necessary analysis to identify the measures needed to restore PCGS to operating status. Prior to implementing any such restoration, Pleasant Creek LLC will seek and obtain any necessary environmental and other state and local permits.

By creating a more modern storage facility and being able to offer services as an ISP, Pleasant Creek LLC would provide California natural gas consumers an additional storage resource, one that imposes no capital cost nor operating risk on PG&E's customers.

The eCORP Group already owns a minority position in Gill Ranch LLC. Such ownership interest does not alter the economic reality that restoration of storage operations at PCGS will increase competition. First, as effectively a "new entrant" in the California natural gas markets and with no customers it is "highly unlikely" that Pleasant Creek LLC would be detrimental to competition.²⁶ The Commission has appropriately recognized a new entrant "into the [California] gas storage market will increase competition among the current non-core storage providers, and, as a result, reduce market concentration in California."²⁷ Moreover the combined

²⁶ See D.09-10-045, at 51-52.

²⁷ D.09-10-035, at 52. Granting Gill Ranch LLC a CPCN to construct and operate an underground natural gas storage facility and to offer such public utility services at market-based rates as an ISP.

capacities of Gill Ranch LLC and Pleasant Creek LLC storage facilities will remain significantly less than the capacity of Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C., individually.²⁸

Lastly, the Proposed Transaction will have no adverse impact on safety. Pleasant Creek LLC shall assume responsibility for the current preservation, anticipated restoration and ultimate operations of PCGS, consistent with applicable safety standards. Further details on how the Buyer Applicants will best ensure safety are described in Section V.

As stressed previously, the eCORP Group places the highest priority on employee and community safety and has a demonstrated track record of operational safety. The eCORP Group has established its ability to safely operate a natural gas storage facility in California. They became responsible for the operations of the Gill Ranch Storage Facility in December 2020 and the facility has operated during this period in a safe manner.²⁹

B. The Proposed Transaction Satisfies the Requirements set forth in Section 854 as it Advances the Public Interest and Poses No Harm or Risk of Harm

Section 854(a) requires prior authorization from the Commission before a company may “merge, acquire, or control ...any public utility organized and doing business in this state....” The Commission has explained that “[t]he standard traditionally applied by the Commission to determine if a transaction should be approved under Section 854(a) is whether the transaction will be ‘adverse to the public interest.’”³⁰

Section 854(c) further provides:

Before authorizing the merger, acquisition, or control of any electrical, gas, or telephone corporation organized and doing business in this state, if any entity that is a party to the proposed transaction has gross annual California revenues exceeding five hundred

²⁸ In granting Gill Ranch LLC a CPCN to provide natural gas storage service and rejecting protests based on adverse competitive consequences, the Commission observed that “[e]ach of the existing independent gas storage service providers [i.e., Wild Goose and Lodi] has nearly twice the working gas capacity of” Gill Ranch Storage Facility. D.09-10-035 at 52.

²⁹ As noted above, for the initial 18 months, Gill Ranch LLC operated the storage facility by means of a Transition Services Agreement with the prior owner. Since June 2022, Gill Ranch LLC has operated the facility directly.

³⁰ D.08-01-018, at 19-20 (*quoting* D.07-05-061, at 24 (footnotes omitted); *see also* D.06-11-019, at 14; D.16-06-014, at 18; and D.18-05-010, at 8.

million dollars (\$500,000,000), the commission shall consider each of the criteria listed in paragraphs (1) to (8), inclusive, and find, on balance, that the merger, acquisition, or control proposal is in the public interest.

PG&E is a public utility and has gross annual California revenues in excess of \$500 million. However, the Proposed Transaction is not subject to Section 854 because the transaction does not involve the “merger, acquisition, or control of” a public utility (i.e., PG&E) and instead involves one of PG&E’s assets. Nonetheless, the public interest factors identified in Section 854³¹ provide an additional basis to further demonstrate that the proposed change of legal ownership and control is in the public interest.

1. Maintain or improve the financial condition of PCGS (Section 854(c)(1)) and the quality of management of PCGS (Section 854(c)(3))

The eCORP Group has the ability to raise the capital necessary for the decommissioning. First, PG&E shall pay Pleasant Creek LLC \$11.5 million for purposes of funding the possible decommissioning. Moreover, as a condition of closing, Pleasant Creek LLC must post the Decommissioning Security in the amount PG&E estimated it would cost for the decommissioning.

With respect to the intended exploration of the feasibility of restoring storage services Pleasant Creek LLC and eCORP Holdings shall provide and/or obtain third-party funding to finance the development and possible construction of PCGS.³² After completion of the transaction, PCGS will have the operating and financial ability to conduct the necessary analysis and seek the necessary regulatory approvals with the intent to restore PCGS to public utility operations.³³ Pleasant Creek LLC will be part of the eCORP Group, which provides an additional basis for confidence that Pleasant Creek LLC will have the technical expertise and

³¹ The Joint Applicants will also demonstrate that the Proposed Transaction satisfies the inapplicable requirements of Section 854(b). In particular, that restoration of Pleasant Creek Storage as an operating storage facility will increase competition and thus have no adverse competitive consequences. *See* Section 854(b)(3); *see also* Section IV.A *supra*.

³² *See* Section 854(c)(1).

³³ *See* Section 854(c)(3).

financial resources to meet any challenges its contemplated restoration and possible future operations may present.

2. Maintain or improve the quality of service to ratepayers (Section 854(c)(2))

The Proposed Transaction will not negatively affect the quality or reliability of PCGS's service to customers. At present, PCGS provides no service to any customer and PG&E has decided, with the Commission's approval, not to seek to restore service. The Proposed Transaction may also improve the quality of service to customers by potentially providing an effectively new operating storage field, at no cost or risk to PG&E and gas consumers in Northern California.

3. Be fair and reasonable to affected employees (Section 854(c)(4))

PG&E has no employees permanently located at or dedicated to PCGS, as the site was remotely monitored during its operational period. Accordingly, PG&E shall not reduce its work force as a result of the Proposed Transaction. Moreover, Pleasant Creek LLC will be able either through direct employment or a third party, or some combination, to recruit and maintain "an adequate workforce to maintain the safe and reliable operation"³⁴ of PCGS during either the decommissioning or development/construction stage.

4. Be fair and reasonable to the majority of affected shareholders (Section 854(c)(5))

PG&E selected Pleasant Creek LLC as a result of an extended public solicitation process. The Proposed Transaction was then negotiated at arms-length between a willing buyer and a willing seller, both of them sophisticated and knowledgeable parties. The Proposed Transaction, as well as the Commission's gain/loss on sale policies and decisions, will thus be fair and reasonable to PG&E's shareholders.

³⁴ See Section 854(b)(4).

5. Be beneficial to state and local economies and the local communities (Section 854(c)(6))

This Commission has long recognized the important public interest in allowing financial markets to function efficiently, without unnecessary regulatory interference. The Proposed Transaction by which Pleasant Creek LLC shall obtain ownership of PCGS will serve to strengthen California's economy and encourage future investment in California's utility sector. As appropriately articulated by the Commission, "it is in the public interest to foster a business climate in California that is hospitable to utility investment."³⁵

6. Preserve the jurisdiction of the Commission and its capacity to regulate and audit (Section 854(c)(7))

Upon completion of the Proposed Transaction and the associated requested transference of PG&E's CPCN, Pleasant Creek LLC will be a public utility, subject to the Commission's jurisdiction, and be directly responsible for complying with applicable laws, regulations, tariffs and Commission orders related to Pleasant Creek LLC and its storage facility. The Commission will thus retain full authority over PCGS, both with respect to its assumption of PG&E's decommissioning responsibilities and with respect to storage services offered if PCGS is restored.

7. Provide mitigation measures to prevent significant adverse consequences (Section 854(c)(8))

As demonstrated above, the sale by PG&E of PCGS to Pleasant Creek LLC and Pleasant Creek LLC's resulting assumption of the Decommissioning Obligations will have no adverse consequences. Thus, the Commission need not require any mitigation measures, other than the transfer of the CPCN which will best ensure the continuity of this Commission exercising its direct public utility jurisdiction over PCGS.

In sum, the Proposed Transaction will provide PG&E and its customers the least-cost decommissioning option and provide Northern California the additional opportunity for PCGS to return to operating status and benefit all California natural gas consumers. Accordingly, the

³⁵ D.06-02-033, at 36.

Joint Applicants submit that the change of legal ownership and control will not adversely affect and may positively affect the public interest.

V. THE COMMISSION SHOULD TRANSFER THE PCGS CPCN TO PLEASANT CREEK LLC AND AUTHORIZE PLEASANT CREEK LLC TO PROVIDE STORAGE SERVICES AS AN ISP

A. PCGS's CPCN should be transferred to Pleasant Creek LLC

The Commission should authorize the transfer of the PCGS CPCN to Pleasant Creek LLC. The Commission has regularly granted a buyer of a portion of a public utility system and/or physical assets used by the utility to provide service a CPCN in its decision finding the transaction to be in the public interest. The reasoning is that if the Commission finds the prospective purchaser to be competent to provide public utility service and finds the transaction conveying the public utility assets to be in the public interest, the Commission necessarily should also provide the purchaser the CPCN necessary for it to provide the intended public utility service. For instance, in authorizing Sierra Pacific Power Company ("Sierra") to transfer its "California-jurisdictional electric distribution facilities and the Kings Beach Generating Station" to a buyer, the Commission authorized the transfer of those CPCNs "held by Sierra that are required by [buyer] to serve California customers" without any further analysis.³⁶

The Buyer Applicants are competent to provide public utility service. Foremost, as explained previously, an affiliate member of the eCORP Group has been an owner of Gill Ranch LLC since December 2020 and as such has had responsibility for the safe operations of the Gill Ranch Storage Facility. The current ownership of Gill Ranch LLC has safely operated the Gill Ranch Storage Facility, initially under a Transition Services Agreement with the prior owner and since June 2022 by the eCORP Group affiliate and the other owners.

³⁶ D.10-10-017, at 62 (OP 1); *see more generally* D.03-08-020 (approving transfer of assets, customers, and CPCN to provide facilities-based interexchange services); D.01-06-072, at 6 (OP 1) (authorizing transfer of telecommunications assets and CPCN); D.96-09-086, at 26 (OP 1) (authorizing the sale and transfer of water system facilities and CPCN); D.95-10-045, 1995 Cal. PUC LEXIS 901 (approving merger of electric and gas utilities and transfer of CPCNs); Resolution TL-19132 (authorizing estate transfer of Passenger State Corporation property and CPCN).

Additionally, Pleasant Creek LLC would have the obligation to replace PG&E as the entity responsible to decommission PCGS. Moreover, Pleasant Creek LLC also intends to conduct the necessary analysis to determine the viability of seeking to restore PCGS to operating capability and, if economically and environmentally feasible to restore such capability, to obtain the necessary regulatory approvals and offer service as an ISP.

As part of the CPCN transfer, the Buyer Applicants recommend the following conditions designed to best assure safe operations. These “regulatory commitments” are modeled after the conditions the Commission approved in connection with its approval of the transfer of ownership for Gill Ranch LLC³⁷:

1. Pleasant Creek LLC shall appoint a Chief Safety Accountability Officer (“CSAO”) for PCGS. Such CSAO shall have clearly defined duties and responsibilities. The CSAO will have authority and control over the human and financial resources required to establish and maintain PCGS’ safety management system and programs to ensure that PCGS can meet its safety obligations.

Provide the Commission access to the Pleasant Creek LLC Manager meeting minutes and presentations for Manager meetings that may directly or indirectly relate to safety matters at PCGS.

2. Buyer Applicants commit that: (a) Pleasant Creek LLC will maintain safety standards and policies to meet the safety needs of PCGS; and (b) Pleasant Creek LLC will comply with applicable laws and Pleasant Creek LLC's safety standards and policies as they evolve over time. During the period after completion of the acquisition by Pleasant Creek LLC, Buyer Applicants commit that PCGS will be adequately funded to be safely maintained, operated, and, if applicable, decommissioned.
3. If Pleasant Creek LLC restores PCGS and resumes storage services, it shall:
 - a. Develop a Pipeline Safety Management System and other relevant plans and policies to create a comprehensive Safety Management System (“SMS”) prior to commencing storage services. The SMS shall apply to the entire PCGS facility, encompassing all operations, assets and personnel. In developing the SMS, Pleasant Creek LLC will incorporate the best practices found in the American Petroleum Institute’s (“API”) recommended practice 1173 SMS framework, and applicable portions of API 1171 for underground gas storage.

³⁷ See D.19-12-006, at 16 (Conclusion of Law (“COL” 5)).

- b. Prepare a SMS and safety culture assessment. Pleasant Creek LLC shall (a) retain a third party to prepare the SMS and safety culture assessment; (b) provide the results of the assessment to the Commission; and (c) use the assessment to inform the expansion of the SMS. Pleasant Creek LLC would then conduct periodic safety culture assessments, no less frequently than every two years.
4. Pleasant Creek LLC shall maintain \$20 million of general liability insurance per occurrence and in the aggregate.³⁸ It shall increase its insurance every five calendar years by an amount equal to inflation during the previous five years, rounded to the nearest million. The first five-year period shall start once any development construction commences.

Pleasant Creek LLC accordingly requests that the Commission authorize PG&E to transfer, and Pleasant Creek LLC to accept, the CPCN initially granted PG&E to provide natural gas storage services from PCGS. Importantly, integral to its request to be designated an ISP, Pleasant Creek LLC is not asking the Commission to recover either its capital or operating costs from any set of captive ratepayers. Rather, assuming the Commission grants Pleasant Creek LLC a CPCN and authorizes it to operate as an ISP, Pleasant Creek LLC is requesting no rate recovery from PG&E's utility customers. Absent the Commission transferring to Pleasant Creek LLC in this proceeding the CPCN necessary to operate PCGS as a public utility with ISP status, the beneficial objectives of Proposed Transaction cannot be accomplished, and Pleasant Creek LLC and PG&E will not be able to proceed with the Proposed Transaction.

B. The Commission Should Authorize Pleasant Creek LLC to Provide Storage Services as an ISP

The Commission should authorize Pleasant Creek LLC to provide public utility natural gas storage services as an ISP. The Commission is warranted in designating Pleasant Creek LLC as an ISP because it lacks market power. Such designation would be consistent with the Commission's multiple precedents granting similarly-situated natural gas storage facilities ISP status. Pleasant Creek LLC will be effectively a "new entrant" seeking to participate in an already competitive market. There are established providers of storage services in the same

³⁸ As explained further in Chapter 3 (Pleasant Creek LLC and eCORP Holdings Testimony), \$20 million is the appropriate amount given the size and location of the storage field.

geographic California markets. Pleasant Creek LLC simply lacks the ability to force any other utilities to exit the market. Pleasant Creek LLC will acquire an existing, and comparatively small, gas storage facility in a competitive market. Based on these factors, Pleasant Creek LLC lacks market power, and it is therefore appropriate for the Commission to designate Pleasant Creek LLC as an ISP.

The Commission has authorized ISPs to charge market-based rates in lieu of traditional utility cost-of-service ratemaking.³⁹ In D.93-02-013 (the “Storage Decision”), the Commission adopted policies and rules for natural gas utility storage programs. The Storage Decision authorized unbundling of noncore storage service and allowed independent storage providers to compete with existing local distribution companies. The Storage Decision, based on a “let the market decide” policy for construction of new storage facilities or expansion of existing facilities, adopted market-based rates for noncore storage. Consistent with the Storage Decision, the Commission has approved CPCNs for several ISPs.⁴⁰ In each instance, the Commission has approved market-based rates, allowing the ISP to file tariffs with a rate window to allow for fluctuations in the market.⁴¹

Pleasant Creek LLC’s use of market-based rates is also appropriate because protection of core natural gas customers is not an issue. After closing of the sale, PG&E’s customers will be relieved of any responsibility for the costs to maintain and operate and eventually decommission PCGS. Moreover, by itself, and even in combination with Gill Ranch LLC, Pleasant Creek LLC lacks market power. As an ISP, Pleasant Creek LLC will not offer transmission or distribution services. To the extent the Buyer Applicants have un-marketed storage capacity at Pleasant

³⁹ See generally D.97-06-091 as modified by D.98-06-083 (granting Wild Goose Storage, Inc. (Wild Goose) a CPCN to construct and operate a gas storage facility); D.02-07-036 (approving application of Wild Goose to amend its CPCN to expand and construct facilities for gas storage operations); D.00-05-048 (granting Lodi Gas Storage, LLC a CPCN to construct and operate a gas storage facility); D.06-03-012 (granting CPCN to construct and operate Kirby Hills gas storage facility); D.08-02-035 (granting amended CPCN to construct and operate Phase II of Kirby Hills gas storage facility); D.09-10-035 (granting CPCN to construct and operate Gill Ranch Storage Facility); D.10-10-001 (granting CPCN to construct and operate Central Valley Gas Storage project).

⁴⁰ See *id.*

⁴¹ See *id.*

Creek or must discount such storage capacity, the Buyer Applicants will bear the entire risk. For the reasons detailed above, the Commission should approve Pleasant Creek LLC's request to be designated an ISP and accordingly be subject to the terms and conditions the Commission has historically authorized for ISPs.⁴²

C. The Commission Should Authorize Pleasant Creek LLC to Seek Approval for a Specific ISP-based Tariff through an Advice Letter Process.

While the field was operating, PG&E provided service from PCGS under PG&E's general tariffs that applied to all of PG&E's storage facilities.⁴³ Accordingly, there is not a PCGS-specific tariff that Pleasant Creek LLC can adopt and instead the Commission will need to authorize a tariff for Pleasant Creek LLC before it can begin providing natural gas storage services. The Joint Applicants accordingly request that the Commission in this proceeding authorize Pleasant Creek LLC to seek such approval through the submission of an advice letter. In particular, Pleasant Creek LLC recommends that it be allowed to submit a Tier 1 Advice Letter to seek approval of its ISP-based tariff.

The submission of such a Tier 1 Advice Letter for Pleasant Creek LLC to obtain the necessary tariff authorization is appropriate. Foremost, Section 5.1 of Commission General Order 96 provides:

The primary use of the advice letter process is to review a utility's request to change its tariffs in a manner previously authorized by statute or Commission order, to conform the tariffs to the requirements of a statute or Commission order, or to get Commission authorization to deviate from its tariffs.

Assuming the Commission authorizes Pleasant Creek LLC to provide public utility natural gas storage services as an ISP and with terms and conditions the Commission has approved for other ISPs, the submission of a Tier 1 advice letter by Pleasant Creek LLC is most

⁴² Similar to other ISPs, PCGS will only receive natural gas sourced from the PG&E pipeline system. Should Pleasant Creek LLC desire to offer additional services in the future, it will seek appropriate regulatory authority from the Commission.

⁴³ For example, PG&E's Gas Schedule G-CFS (Core Firm Storage).

appropriate. In particular Energy Industry Rule 5.1 designates the following requests for tariffs as “appropriate [for] Tier1.”

(1) A tariff change in compliance with specific requirements of a statute or Commission order where the wording of the change follows directly from the statute or Commission order; ...

(4) A Contract that conforms to a Commission order authorizing the Contract, and that requests no deviation from the authorizing order (e.g., a gas storage Contract in exact conformity with Decision 93-02-013).

Pleasant Creek LLC intends to request tariff provisions that mirror those recently approved by the Commission for Gill Ranch LLC. Such tariff will appropriately mirror the market-based rates and other terms and conditions the Commission has approved for ISPs to provide natural gas storage services. Given that Pleasant Creek LLC intends to mirror the recently approved Gill Ranch LLC tariff, approval of the tariff through the Tier 1 advice letter process is appropriate. Such approach will ensure a well-vetted tariff while reducing the burden on the Commission and Pleasant Creek LLC.

VI. RATEMAKING

A. Historical Costs, Net Book Value Amounts, Pre-Tax Loss on Sale and Decommissioning Amounts

The historical cost (also called “original cost”) of PCGS as of December 31, 2022 is approximately \$18.8 million, including the cost of the gas in the field. None of the historical cost is associated with Construction Work in Progress (CWIP). The Net Book Value (NBV) (calculated as historical cost less accumulated depreciation) of PCGS as of December 31, 2022, is approximately \$7.6 million, including the net book value of the gas in the field. The negotiated sales price to be paid by PG&E to Pleasant Creek LLC at the close of escrow is \$11.5 million, and the estimated incremental transaction costs are \$0.6 million, resulting in a total amount of \$12.1 million.

The total estimated benefit to customers for the sale is estimated to be \$11.6 million. This amount includes a combination of (1) the pre-tax loss-on-sale of \$19.7 million to be recovered by customers; (2) return to customers of decommissioning amounts collected through December 31, 2022 of \$19.1 million as adopted in PG&E's 2019 Gas Transmission and Storage case; and (3) return of forecast future decommissioning accruals proposed in PG&E's 2023 General Rate Case of \$12.2 million.⁴⁴ A table showing sale price, expenses, tax effects, and the resulting after-tax loss calculation of \$19.7 million as currently estimated, as well as collected and estimated future decommissioning amounts resulting in the estimated total return to customers of \$11.6 million is provided as Attachment B.⁴⁵

The amounts cited and shown in this Joint Application are estimated based on recorded amounts as of December 31, 2022 and PCGS decommissioning accruals proposed in PG&E's 2023 General Rate Case. Actual amounts will be based on the book values as of the sale close and any 2023 General Rate Case updated amounts.

B. Recommended Ratemaking

PG&E requests that the Commission adopt in this proceeding ratemaking that PG&E would implement through an advice letter process.

PG&E recommends that it file a Tier 1 advice letter within 75 days of the closing date of the sale, providing updated financial data and updated amounts of the decommissioning costs adopted in PG&E's 2023 General Rate Case.

PG&E recommends that it recover the loss on sale of cushion gas, the net impact of the decommissioning through December 31, 2022, and loss on sale of PCGS from applicable customers on an Equal-Cents-Per-Therm basis⁴⁶ through the Core Fixed Cost Account (CFCA)

⁴⁴ As of the date of the filing of this Joint Application, the Commission has not yet issued a final decision in the 2023 General Rate Case.

⁴⁵ This information is provided in format previously agreed-to by The Public Advocates Office of the Commission in Application No. 95-08-035, Joint Motion of All Parties for Adoption of Settlement and for Waiver of Noticed Settlement Conference and Comment Period Requirements.

⁴⁶ Equal-Cents-Per-Therm refers to a method of dividing the cost equally among customers based on their volumes. The resulting cost per therm is applied equally to each customer's consumption.

and the Noncore Customer Class Charge Account (NCA). PG&E recommends that it implement recovery through the Annual Gas True-up (AGT) advice letter process over a 12-month period.

With respect to the PCGS decommissioning accrual amounts expected to be collected through the 2023 General Rate Case, PG&E recommends returning these amounts to customers also through the AGT on a period concurrent with the adopted recovery schedule for those amounts.⁴⁷

VII. COMMISSION RULES OF PRACTICE AND PROCEDURE

A. Legal Name and Location of Applicants (Rules 2.1(a), 2.1(b), and 3.6(a))

Since October 10, 1905, PG&E has been an operating public utility corporation, organized under the laws of the State of California. PG&E is engaged principally in the business of furnishing gas and electric service in California. PG&E's principal place of business is 300 Lakeside Drive, Oakland, California 94612. Correspondence and service to PG&E for this Joint Application should be addressed to:

P. Lauren Ruby
Pacific Gas and Electric Company
Law Department
300 Lakeside Drive
Oakland, CA 94612
Telephone: 415-635-4471
Email: lauren.ruby@pge.com

Pleasant Creek LLC is a Delaware limited liability company with headquarters in Houston, Texas. Pleasant Creek LLC's principal place of business is 10000 Memorial Drive, Suite 330, Houston, TX 77024. Pleasant Creek LLC was formed in 2023 for the purpose of first acquiring PCGS, thereafter initiating the actions necessary to restore it to operating capability, and with the goal of ultimately providing services from a natural gas storage facility as a Commission-regulated ISP. Correspondence and service to Pleasant Creek LLC for this Joint Application should be addressed to:

⁴⁷ Chapter 4 discusses an alternative recommendation for the Commission to consider in which any 2023 GRC adopted gas storage decommissioning accrual amounts for years 2023-2026 would remain as a reduction in rate base and an offset to future gas asset decommissioning accruals.

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Attorneys for Pleasant Creek Gas Storage Holdings, LLC

eCORP Holdings is a Delaware limited liability company with headquarters in Houston, Texas. eCORP Holdings principal place of business is 10000 Memorial Drive, Suite 330, Houston, TX 77024. eCORP Holdings was created in 2023 for the purpose of owning the membership interests of Pleasant Creek LLC and participating in Pleasant Creek LLC's acquisition and intended restoration and ultimate operation of PCGS. Correspondence and service to eCORP Holdings for this Joint Application should be addressed to:

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Attorneys for eCORP Natural Gas Storage Holdings, LLC

B. Categorization, Hearings, and Issues to be Considered (Rule 2.1(c))

1. Proposed Category

This Joint Application should be categorized as a "ratesetting" proceeding.

2. Evidentiary Hearing

The Joint Applicants believe that hearings are unnecessary to address this Joint Application. This Joint Application, including the accompanying testimony and additional attachments, constitute a sufficient record for the Commission to rule on the Joint Applicants' proposals.

The Joint Applicants proposes a procedural schedule in Section VII.B.5 below.

3. Issues to be Considered

The Joint Applicants propose the following list of issues to be considered in this proceeding:

- Whether the Commission will approve the PSA;
- Whether Pleasant Creek LLC should be granted a CPCN;
- Whether Pleasant Creek LLC may operate PCGS as an ISP ;
- Whether Pleasant Creek LLC may submit a tariff to provide public utility natural gas storage services on terms and conditions that Commission has authorized for other ISPs through an advice letter process; and
- Whether the proposed sale is not subject to or otherwise exempt from requirements of CEQA;
- What ratemaking treatment should be adopted for the proposed sale.

4. Relevant Safety Considerations

In D.16-01-017, the Commission adopted an amendment to Rule 2.1(c) requiring utilities' applications to clearly state the relevant safety considerations. As described herein, the Proposed Transaction will have no adverse impact on safety.

Pleasant Creek LLC has the ability and experience to conduct, if necessary, the decommissioning of PCGS. Alternatively, in the event that Pleasant Creek LLC's initiatives to restore PCGS to operating capability are successful – which would include obtaining all necessary approvals from this Commission and other regulatory agencies – Pleasant Creek LLC, along with eCORP Holdings providing any necessary additional support, will have the ability to safely operate the restored PCGS, fully consistent with applicable safety standards and Commission requirements, including reporting requirements. Further, Pleasant Creek LLC has

agreed to comply with the safety-enhancing programs and procedures set forth in Section V.A above, which are designed to best ensure safe and reliable operation of PCGS.

5. Proposed Schedule

The Joint Applicants propose the following procedural schedule:

Activity	Date
Joint Application Filed	July 18, 2023
Responses/Protests	August 18, 2023
Reply to Responses/Protests	August 28 2023
Prehearing Conference	September 4, 2023
Scoping Memo	September 25, 2023
Proposed Decision	November 2023
Commission Decision	December 2023

The above schedule assumes no need for intervenor testimony, evidentiary hearings and briefing. If any of those steps appear necessary, the Joint Applicants will present an alternative schedule at the earliest appropriate time.

C. Articles of Incorporation / Certificates of Formation (Rule 2.2)

PG&E is, and since October 10, 1905, has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of PG&E's Amended and Restated Articles of Incorporation, effective June 22, 2020, was filed with the Commission on July 1, 2020, with PG&E's Application 20-07-002. These articles are incorporated herein by reference pursuant to Rule 2.2 of the Commission's rules.

Attached to this Joint Application as Attachment C, are the following certificates of formation and certificates to do business in California for Pleasant Creek LLC and eCorp Holdings:

1. A copy of Pleasant Creek LLC's Certificate of Formation.
2. A copy of eCORP Holdings' Certificate of Formation.
3. Pleasant Creek LLC and eCORP Holdings are qualified to do business in the State of California. Copies of each entities' application to do business in California filed with the Secretary of State is also included.

D. CEQA Compliance (Rule 2.4)

CEQA requires any California government agency approving a discretionary project to consider the environmental impacts of its decisions.⁴⁸ A "project," for purposes of CEQA, is an activity that "may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment."⁴⁹ Accordingly, the Commission may be required to consider the environmental consequences of projects that are subject to the Commission's discretionary approval.

Here, PG&E's proposed disposition of PCGS will cause neither a direct or reasonably foreseeable indirect physical change in the environment, nor any physical change to PCGS. The status and conditions of PCGS will be exactly the same the day after PG&E's sale as they had been under PG&E's ownership the day prior to the sale. As such, the proposed transfer of ownership of PCGS is not a "project" as defined under CEQA and therefore the proposed sale is not subject to CEQA review.⁵⁰

Even if the proposed sale of PCGS were a "project" under CEQA, it would be exempt from CEQA review on the basis that a mere change of ownership "can be seen with certainty that the project will not have a 'significant' effect on the environment."⁵¹ To the extent that Pleasant

⁴⁸ Cal. Pub. Res. Code, § 21080.

⁴⁹ Cal. Pub. Res. Code, § 21065.

⁵⁰ See e.g. D.19-12-006, at 16 (COL 1) (finding the sale of Gill Ranch Storage Facility as not constituting a Project for CEQA purposes and otherwise being exempt from CEQA).

⁵¹ D.19-12-009, at 12.

Creek LLC seeks to restore the facility with more efficient wells or the like after purchase, it shall then conduct any requisite environmental reviews under CEQA as may be required.⁵²

E. Balance Sheet and Income Statement (Rule 3.2(a)(1))

PG&E's most recent balance sheet and income statement for the period ending March 31, 2023, was filed in A.23-05-012, on May 15, 2023, and is incorporated by reference. The Buyer Applicants' respective balance sheets and income statements can be found in Attachment D.

F. Most Recent Proxy Statement (Rule 3.2 (a)(8))

PG&E's most recent proxy statement was filed with the Commission on May 2, 2023 in A.23-05-005. This proxy statement is incorporated herein by reference.

VIII. OTHER

A. Compliance with the Commission's Tribal Land Transfer Policy

Before commencing sale activities, PG&E complied with the Commission's December 5, 2019 Tribal Land Transfer Policy.⁵³ The Policy directs investor-owned utilities to (1) notify the appropriate local Native American Tribes of any proposed dispositions of utility-owned real property that are subject to Section 851 and (2) to allow 90 days for the Tribes to respond as to their interest in purchasing the subject real property.

In accordance with the Policy, on August 13, 2020, PG&E contacted the two Tribes that had an ancestral connection to PCGS prior to sale.⁵⁴ Neither Tribe expressed an interest in acquiring PCGS. The Commission then on January 14, 2021 adopted guidelines to implement the CPUC Tribal Land Policy, which required utilities to send a second notice to Tribes that do

⁵² See D.22-11-002, at 8-9, 15 (COL 3) (the Commission held that the sale of an inoperable hydroelectric generating facility to a new owner who intended after its acquisition to restore the facility to operating status is "categorically exempt under CEQA").

⁵³ "Investor-Owned Utility Real Property – Land Disposition – First Right of Refusal for Disposition of Real Property Within the Ancestral Territories of California Native American Tribes."

⁵⁴ On August 13, 2020, PG&E notified the Cortina Rancheria – Kletsel Dehe Band of Wintun Indians and the Yocha Dehe Wintun Nation of the pending sale. Second notices were sent to both tribes on February 9, 2021.

not respond within 30 days to the first notice.⁵⁵ Accordingly, PG&E sent second notices to both Tribes by letters dated February 9, 2021. Neither of the Tribes responded to the second notice.⁵⁶ PG&E's compliance with this Policy is further described in Chapter 2 of testimony (Sale Process, Terms, and Benefits).

B. Compliance with the Commission's Environmental and Social Justice Action Plan

In advance of the Proposed Transaction, PG&E considered whether the sale of PCGS may trigger adverse environmental and social justice impacts, pursuant to Version 2.0 of the Commission's Environmental & Social Justice (ESJ) Action Plan (the Plan). The Plan consists of 9 goals and 93 corresponding action items that are intended to further the principles of ESJ and provide a framework to integrate ESJ considerations throughout the agency's work.⁵⁷ PG&E concluded that the Proposed Transaction will not trigger adverse ESJ impacts, as PCGS is not an ESJ community.⁵⁸ Nonetheless, for the purposes of this application, PG&E examined whether the Proposed Transaction would further the principals of ESJ, were PCGS considered an ESJ community. For those Plan goals applicable here,⁵⁹ the Proposed Transaction will help achieve the Commission's objectives.

⁵⁵ Resolution E-5076 ("Adoption of Guidelines to Implement the CPUC Tribal Land Policy Consistent with Executive Order B-10-11 and the CPUC Tribal Consultation Policy, The Tribal Land Transfer Policy, and Public Utilities Code Section 851").

⁵⁶ Resolution E-5076 requires utilities to make specific showings in their Section 851 applications demonstrating adherence to the Commission's Tribal Lands Policy. PG&E provides such showings in Chapter 2, Attachment A.

⁵⁷ CPUC ESJ Action Plan, Version 2.0, at 22-25 & Appendix A (Apr. 7, 2022).

⁵⁸ The Plan defines "ESJ communities" as communities of color, low-income communities, communities underrepresented in the policy setting or decision-making process, communities subject to a disproportionate impact from environmental hazards, and communities likely to experience disparate implementation of environmental regulations and socioeconomic investments. *Ibid*, at 1. ESJ communities typically include the following: disadvantaged communities (defined as census tracts that score in the top 25 percent of CalEnviroScreen 4.0 or those that score within the top 5 percent of CalEnviroScreen 4.0's Pollution Burden); persons living within tribal lands; low income households (below 80 percent of area median income); and persons living within low income census tracts (below 80 percent of area or state median income). *Ibid*, at 2.

PCGS is located in a census tract that does not score in the top 25 percent of CalEnviroScreen 4.0 or in the top 5 percent of CalEnviroScreen 4.0's Pollution Burden. It is also neither located within tribal lands, nor located on a low income census tract.

⁵⁹ Most of the ESJ Action Plan goals are inapplicable by their nature to this matter. For instance, Goals 1, 5, 6, 8 and 9 are directed at the Commission itself.

Regarding Goal 2 (Increase investment in clean energy resources to benefit ESJ communities, especially to improve local air quality and public health) and Goal 4 (Increase climate resiliency in ESJ communities): At a minimum, Pleasant Creek LLC shall decommission PCGS in a safe, environmentally benign manner and at no risk of incremental cost to any PG&E customers. Moreover, as mentioned above, to the extent Pleasant Creek LLC is able to obtain the necessary authorizations and otherwise proceed in a financially viable manner, it shall replace PCGS's aged wells and with new, more efficient wells.

Regarding Goal 3 (Strive to improve access to high-quality water, communications, and transportation services for ESJ communities): Similar to PG&E's previous operations at PCGS, ongoing operations by Pleasant Creek LLC will not degrade transportation infrastructure or services near the facility.

Regarding Goal 7 (Promote high road career paths and economic opportunity for residents of ESJ communities): If Pleasant Creek LLC decides it is feasible to restore PCGS to operating capability, it will engage local labor to the extent feasible and available.

IX. SERVICE

A copy of a Notice of Availability of this Joint Application has been served on the service list for PG&E's 2023 General Rate Case Phase I application (A.21-06-021) and PG&E's 2019 Gas Transmission and Storage Rate Case application (A.17-11-009); and to Yolo County and the City of Winters.

X. ATTACHMENTS

The following attachments are included in this Joint Application:

- Attachment A: Sale Agreement for the Pleasant Creek Gas Storage Field and First Amendment
- Attachment B: Buyer Applicants' respective Certificates of Formation and Certificates to do Business in California
- Attachment C: Original Cost and Book Value Table

- Attachment D: Buyer Applicants' respective Balance Sheet/Income Statements

XI. CONCLUSION AND REQUEST FOR RELIEF

PG&E and Pleasant Creek LLC, respectfully request that the Commission issue an order as follows:

1. Authorize PG&E to sell PCGS in accordance with the terms and conditions of the PSA;
2. Grant the transfer of PG&E's CPCN for PCGS to Pleasant Creek LLC;
3. Find that Pleasant Creek LLC may operate PCGS as a natural gas storage facility as an ISP, and on terms and conditions consistent with the terms and conditions on which the Commission has authorized other ISPs to provide such service;
4. Authorize Pleasant Creek LLC to submit a tariff to provide natural gas storage public utility services through an advice letter process;
5. Find that the proposed sale is not a "project" and thus not subject to CEQA or alternatively is exempt from the requirements of CEQA; and
6. Approve ratemaking treatment for the proposed sale.

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Respectfully submitted this 18th day of July, 2023

<p>By: <u>/s/ Katie Jorrie</u> Katie Jorrie</p> <p>DAVIS WRIGHT TREMAINE LLP 50 California Street, 23rd Floor San Francisco, CA 94111 Telephone: (415) 276-6500 FAX: (415) 276-6599 Email: katiejorrie@dwt.com</p> <p>Attorneys for Pleasant Creek Gas Storage Holdings, LLC and eCORP Natural Gas Storage Holdings, LLC</p>	<p>By: <u>/s/ Lauren Ruby</u> P. Lauren Ruby</p> <p>Pacific Gas and Electric Company Law Department 300 Lakeside Drive Oakland, CA 94612 Telephone: 415-635-4471 Email: lauren.ruby@pge.com</p> <p>Attorney for Pacific Gas and Electric Company</p>
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ATTACHMENT A

**SALE AGREEMENT FOR THE
PLEASANT CREEK GAS STORAGE FIELD**

Between

Pacific Gas and Electric Company, as Seller

and

Pleasant Creek Gas Storage Holdings, LLC, as Buyer

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Exhibits:

Exhibit A: Deed (Subsurface Rights)

Exhibit B: Grant Deed (Real Property Fee Interests)

Exhibit C: Bill of Sale (with attached Schedule I for Tangible Property)

Exhibit D: Assignment and Assumption Agreement (with attached Schedule I for Permits)

Exhibit E: Performance Bond

Exhibit F: Land Use Covenant

Exhibit G: Environmental Reports, Disclosures and Other Documents

Execution Version

Exhibit H: Seller's Representatives

Exhibit I: Decommissioning Obligations

Exhibit J: Decommissioning Completion Certificate

SALE AGREEMENT

THIS SALE AGREEMENT ("Agreement") is made as of March 28, 2023 ("Execution Date") by and between **PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation ("Seller" or "PG&E"), and **PLEASANT CREEK GAS STORAGE HOLDINGS, LLC**, a Delaware limited liability company ("Buyer"). All capitalized terms used in this Agreement shall have the meanings specified herein.

R E C I T A L S:

A. Seller is the owner of the Pleasant Creek gas storage field, an underground natural gas storage field located in Yolo County, California, and certain associated assets ("Facility").

B. Seller desires to sell, transfer and convey its rights, title and interests in and to the Assets to Buyer, and Buyer desires to accept the sale, transfer and conveyance of the Assets from Seller and to assume the Assumed Liabilities, all on the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. **SALE AND TRANSFER; PURCHASE PRICE.** Subject to the terms and conditions contained in this Agreement, at the Close of Escrow: (a) Seller shall sell, transfer, convey and deliver the Assets to Buyer, and (b) Buyer shall accept the sale, transfer, conveyance and delivery of the Assets from Seller, as set forth in this Agreement. The purchase price for the Assets shall consist of (i) a lump sum cash amount of Eleven Million Five Hundred Thousand dollars (US \$11,500,000) to be paid by Seller to Buyer at the Close of Escrow ("Seller Payment") and (ii) the assumption by Buyer of the Assumed Liabilities.

1.1 The "Assets" shall mean all right, title and interest of Seller in, to or under all of the following:

(a) The subsurface land rights as defined in the Deed attached hereto as Exhibit A ("Subsurface Rights");

(b) The fee interest land rights as defined in the Grant Deed attached hereto as Exhibit B ("Real Property Fee Interests");

(c) The tangible property as defined in Schedule I to the Bill of Sale attached hereto as Exhibit C ("Tangible Property");

(d) The permits as defined in Schedule I to the Assignment and Assumption Agreement attached hereto as in Exhibit D ("Permits");

(e) Copies of those files, records, information and data, whether written or electronically stored, in Seller's possession or control to the extent relating to the ownership, operation, use, maintenance, or administration of the Subsurface Rights, Real Property Fee Interests, Tangible Property, Permits, or Facility that are not protected or restricted from disclosure or transfer by applicable legal privilege, agreement with any third party or applicable law (collectively, "Records"); provided, however, that, without limitation of Section 11.20 (Access to Records; Electronic Delivery of Records), (i) Seller will only be required to use commercially reasonable efforts to both conduct a search for and deliver possession of the Records to Buyer as of the Close of Escrow, and (ii) to the extent any Records identified by Seller pursuant to such commercially reasonable search are not provided by Seller to Buyer as of the Close of Escrow, then Seller shall use commercially reasonable efforts to provide such Records as promptly as reasonably practicable following the Close of Escrow and Seller shall cooperate in good faith with Buyer in connection therewith; and

(f) All pending or unresolved claims, refunds, rights of recovery, rights to indemnity and similar rights, whether known or unknown, in each case, only to the extent (i) related to the ownership, operation, use, administration or maintenance of the Subsurface Rights, Real Property Fee Interests, Tangible Property, Permits, and/or Facility and (ii) not otherwise related to any Excluded Liability.

1.2 Assumption of Liabilities. Without limiting any of Buyer's rights under this Agreement, at the Close of Escrow Buyer shall assume any and all obligations and liabilities of any kind or nature whatsoever related to, arising from or associated with any of the Assets, to the extent arising after the Close of Escrow, including without limitation the following (collectively, "Assumed Liabilities"):

(a) Ownership Liabilities; Environmental Condition Liabilities. Ownership and possession of the Assets after the Close of Escrow, including without limitation any and all liabilities for: (i) Remediation with respect to any Hazardous Substances in, on, under, about or incorporated in any of the Assets or migrating through soil or groundwater to or from any of the Assets; (ii) compliance with Environmental Requirements; and (iii) Hazardous Substances in, on, under, about or incorporated in any of the Assets (provided, however, that, notwithstanding anything to the contrary herein, clauses (i) and (iii) hereof shall also include liabilities arising after the Close of Escrow with respect to Hazardous Substances existing in, on, under, about or incorporated in any of the Assets prior to the Close of Escrow).

(b) Use, Operation, Maintenance, and Improvement Liabilities. The use, operation, maintenance, and improvement of the Assets after the Close of Escrow, including without limitation any and all obligations to: (i) replace, remove, deactivate, demolish, dispose of, close or plug any of the Assets or any portion thereof; and (ii) restore any of the Assets or any portion thereof to its/their natural state.

(c) Compliance Liabilities. Any and all obligations arising after the Close of Escrow to comply with all laws, regulations, ordinances, orders, permits, licenses, consents, authorizations, decrees, and approvals that relate to any of the Assets.

The parties agree that Buyer is not assuming and shall not be obligated to pay, perform or otherwise discharge any liability or obligation of Seller other than the Assumed Liabilities (hereinafter referred to as the "Excluded Liabilities"). The Excluded Liabilities expressly include any liabilities or obligations related to (i) current or former employees of Seller (including employee benefits matters), (ii) taxes of Seller or taxes relating to the Assets (including, in each case, any and all fees, penalties and interest assessed in connection with or related to any such taxes) for any period (or portion thereof) ending on or prior to the Close of Escrow, or (iii) the ownership, operation, use, maintenance or development of the Assets prior to the Close of Escrow to the extent not expressly described in Section 1.2 above as an Assumed Liability.

2. DEPOSIT, PAYMENT AND CPUC APPROVAL.

2.1 Buyer Deposit.

(a) Buyer shall deposit Two Hundred Fifty Thousand dollars (US \$250,000) ("Deposit") in Escrow with Placer Title ("Title Company") within five (5) business days after the Execution Date; provided, however, if the Title Company's escrow account for the Escrow is not established as of the date that is five (5) business days after the Execution Date, then Buyer shall deposit the Deposit in Escrow with the Title Company not later than one (1) business day following the date that such escrow account is established. The Deposit shall be considered to have been deposited only if it is made by bank wire transfer, certified check or cashier's check payable to the Title Company and drawn by a commercial bank or savings and loan association licensed to do business in the State of California. Buyer's failure to deliver the Deposit as required under this Agreement shall entitle Seller, by Notice to Buyer, to terminate this Agreement as of the effective date of such Notice. The Deposit shall be invested by the Title Company in a federally insured interest-bearing account, and the Deposit shall earn interest for the benefit of the party entitled to the Deposit under this Agreement. Notwithstanding anything to the contrary herein (including Section 3.1 (Establishment and the Close of Escrow), Buyer acknowledges and agrees that it shall use its commercially reasonable efforts, and cooperate in good faith with Seller and the Title Company, to take

such actions as are necessary for the Title Company's escrow account for the Escrow to be established as soon as reasonably practicable following the Execution Date.

(b) If this Agreement terminates prior to the Close of Escrow for any reason other than a Default by Buyer, the Deposit shall be promptly returned to Buyer by the Title Company. If this Agreement terminates prior to the Close of Escrow due to Buyer's Default and Seller elects to terminate this Agreement pursuant to Section 9.1 (Buyer's Default), then Seller shall be entitled to receive the Deposit as set forth in Section 9.1 as Seller's sole and exclusive remedy. Notwithstanding anything to the contrary herein, each party acknowledges and agrees that it shall cooperate in good faith with the other party to take all such actions as are reasonably necessary in order to cause the disbursement of the Deposit to the applicable party in accordance with the terms of this Agreement.

2.2 Seller Payment. Seller shall deposit in Escrow with the Title Company the Seller Payment, in immediately available funds, at least one (1) business day before the Closing Date.

2.3 CPUC Approval. The parties acknowledge and agree that the Close of Escrow is expressly contingent upon and subject to the parties' receipt of CPUC Approval. If the applicable decision, resolution or order issued by the CPUC with respect to the CPUC Application constitutes CPUC Approval or if a CPUC decision, resolution, or order becomes an Acceptable CPUC Final Decision as described in subsections (c) or (d) of this Section 2.3, the parties shall confirm that CPUC Approval has been obtained by exchanging Notice(s) of such CPUC Approval ("CPUC Approval Notice") within five (5) business days following the CPUC Approval Date.

(a) Joint CPUC Application. The parties shall jointly prepare and file the CPUC Application within sixty (60) business days after the Execution Date, provided the parties may agree to extend this target date for the filing of the CPUC Application. In all events, the parties shall use their respective commercially reasonable efforts to jointly prepare the CPUC Application and to obtain CPUC Approval.

(b) Definitions. The following terms when used in this Agreement with initial letters capitalized shall have the meanings set forth below.

(i) "Acceptable CPUC Final Decision" means a final decision issued by the CPUC in response to the CPUC Application which either (X) approves the CPUC Application and imposes no conditions, restrictions or modifications not previously agreed to by the parties; or (Y) approves the CPUC Application, but imposes conditions, restrictions or modifications not previously agreed to by the parties, but is able to become an "Acceptable CPUC Final Decision" in accordance with subsections (c) or (d) of this Section 2.3.

(ii) "CPUC" means the California Public Utilities Commission.

(iii) "CPUC Application" means the joint application to be filed by the parties seeking CPUC Approval in connection with this Agreement and the transactions contemplated herein.

(iv) "CPUC Approval" means a final and non-appealable decision, resolution or order of the CPUC that grants all findings, authorizations, and approvals as requested in the CPUC Application in their entirety and without any material conditions, restrictions or modifications unacceptable to either party. Additionally, a CPUC decision, resolution, or order which becomes an Acceptable CPUC Final Decision as described in subsections (c) or (d) of this Section 2.3 shall satisfy the CPUC Approval condition upon the Acceptable CPUC Final Decision becoming non-appealable. CPUC Approval will be deemed to have occurred on the date that an Acceptable Final CPUC Decision becomes non-appealable.

(v) "CPUC Approval Date" shall mean the first date upon which CPUC Approval occurs.

(c) In the event the CPUC approves the CPUC Application subject to conditions, restrictions or modifications not previously agreed to by the parties, a party may provide Notice to the other party within fifteen (15) days ("Unacceptable Condition Notice") after the issuance of the CPUC decision, resolution or order imposing such conditions, restrictions, or modifications and therein assert that such party believes that one or more condition(s), restriction(s) or modification(s) imposed constitutes for such party a material adverse condition(s) ("Unacceptable Condition"). Any such Unacceptable Condition Notice shall set forth in detail the reasons supporting the party's assertion of any such Unacceptable Condition(s). In the event neither party provides an Unacceptable Condition Notice to the other party within fifteen (15) days after the issuance date of the CPUC decision, resolution or order, the CPUC decision, resolution or order shall be deemed to constitute an Acceptable CPUC Final Decision.

(d) If an Unacceptable Condition Notice is timely sent, the parties shall meet within fifteen (15) days after the other party's receipt of the Unacceptable Condition Notice and shall negotiate in good faith to make any necessary amendment(s) to this Agreement that addresses the issues raised by the Unacceptable Condition Notice. If the parties are able to agree to revise this Agreement in a manner which maintains the conditions, restrictions and/or modifications imposed by the CPUC in approving the CPUC Application ("Revised Agreement"), the parties shall expeditiously submit to the CPUC any pleadings and/or other required information, which may be necessary, to obtain CPUC approval of the Revised Agreement. If the parties decide that no additional CPUC approval is necessary for the Revised Agreement to become effective, the Revised Agreement shall become effective upon its execution by both parties, and the final CPUC decision, resolution or order which initially approved the CPUC Application and was the subject of the Unacceptable Condition Notice, shall be deemed to constitute an Acceptable CPUC Final Decision. Alternatively, if the parties are required or decide to seek and obtain CPUC approval of the Revised Agreement, the issuance of a final CPUC decision, resolution, or order approving the Revised Agreement shall be deemed to constitute an Acceptable CPUC Final Decision.

(e) If (i) the applicable decision, resolution or order issued by the CPUC with respect to the CPUC Application fails to approve the CPUC Application, or (ii) a party has provided the other party a timely Unacceptable Condition Notice and the parties are not able to reach agreement through good faith negotiations pursuant to Section 2.3(d) within forty-five (45) days after provision by either party of an Unacceptable Condition Notice, then either party shall have the right, by Notice to the other party, to terminate this Agreement as of the effective date of such Notice.

(f) Neither party shall have any obligation to seek rehearing or to appeal a CPUC decision, resolution or order which fails to approve the CPUC Application, or which contains any conditions, restrictions or modifications unacceptable to such party. Notwithstanding anything to the contrary in this Agreement, provided that a party has complied with its obligations in this Agreement, such party shall not have any obligation or liability to the other party or any third party for any action or inaction of the CPUC or other governmental authority affecting the approval of the CPUC Application.

(g) The parties may, by mutual written agreement, extend or modify any time period set forth in this Section 2.3 prior to its respective expiration.

3. ESCROW.

3.1 Establishment and the Close of Escrow. Subject to, and without limitation of, Section 2.1(a) (Buyer Deposit), Seller shall open an escrow ("Escrow") with the Title Company by delivering to the Title Company a fully executed copy of this Agreement within five (5) business days after the Execution Date. Subject to the terms and conditions of this Agreement, the Close of Escrow shall occur no later than 5:00 p.m. Pacific time on a date ("Closing Date") designated by Seller upon at least ten (10) business days' prior Notice to Buyer. The Closing Date shall be no later than thirty (30) days following the first date upon which all of the conditions precedent set forth in Section 7 (Conditions Precedent) have been satisfied or waived, as more specifically set forth in Section 7.

3.2 Deposits into Escrow.

(a) At least one (1) business day before the Closing Date, Buyer shall deposit or cause to be deposited in Escrow with the Title Company the following:

(i) The amount of those fees, charges, costs and taxes that Buyer shall pay pursuant to Section 3.4(b) (Costs);

(ii) The amount, if any, payable to Seller pursuant to Section 3.5 (Prorations);

(iii) A Preliminary Change of Ownership Report in a form suitable for filing with the County assessor;

(iv) Buyer's escrow instructions consistent with the provisions of this Agreement;

(v) Two (2) originals of the performance bond in the form attached hereto as Exhibit E ("Performance Bond"), duly executed by Buyer and a surety meeting the requirements set forth in Section 5.11 (Decommissioning Security) and reasonably acceptable to Seller;

(vi) Two (2) originals each of the bill of sale in the form attached hereto as Exhibit C ("Bill of Sale") and of the assignment and assumption agreement in the form attached hereto as Exhibit D ("Assignment and Assumption Agreement"), each duly executed by Buyer;

(vii) A counterpart of an interconnection agreement in form and substance reasonably acceptable to Buyer and Seller ("Interconnection Agreement") duly executed by Buyer;

(viii) A counterpart of CalGEM form OG30A (Notification of Well and/or Facility Disposition) in a form suitable for submitting to CalGEM ("CalGEM Change of Operatorship Form") duly executed by Buyer; and

(ix) Such other instruments and documents as are reasonably required by the terms of this Agreement or by the Title Company.

(b) At least one (1) business day before the Closing Date, Seller shall deposit or cause to be deposited with the Title Company the following:

(i) The amount of those recording fees that Seller shall pay pursuant to Section 3.4(a) (Costs) and the amount, if any, payable to Buyer pursuant to Section 3.5(a) (Prorations);

(ii) The Seller Payment to be deposited by Seller pursuant to Section 2.2 (Seller Payment);

(iii) The land use covenant in the form attached hereto as Exhibit F ("Land Use Covenant" or "LUC"), duly executed by Seller and in recordable form;

(iv) The deed in the form attached hereto as Exhibit A ("Deed"), duly executed by Seller and in recordable form;

(v) The grant deed in the form attached hereto as Exhibit B ("Grant Deed"), duly executed by Seller and in recordable form;

(vi) Two (2) originals each of the Bill of Sale and of the Assignment and Assumption Agreement, each duly executed by Seller;

(vii) Affidavits, in a form reasonably acceptable to Buyer, certifying that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the U.S. Internal Revenue Code of 1986, as amended ("Code"), and California Revenue and Taxation Code Section 18662(e) (collectively, "Affidavits");

(viii) Seller's escrow instructions consistent with the provisions of this Agreement;

(ix) Two (2) originals of the Performance Bond, duly executed by Seller;

(x) A counterpart of the Interconnection Agreement duly executed by Seller;

(xi) A counterpart of the CalGEM Change of Operatorship Form duly executed by Seller; and

(xii) Such other instruments and documents as are reasonably required by the terms of this Agreement or by the Title Company, including an Owner's Affidavit, if required by the Title Company to issue the title insurance policy to Buyer described in Section 4.3 (Title Insurance), in a form reasonably acceptable to Buyer and Seller.

3.3 Closing. The "Close of Escrow" shall mean the time that the Grant Deed is recorded in the official records of Yolo County. After all the requirements of Section 3.2 (Deposits into Escrow) have been satisfied and all the conditions precedent set forth in Section 7 (Conditions Precedent) have been satisfied or waived, as more specifically set forth in Section 7, the parties shall instruct the Title Company to close Escrow by, among other actions:

(a) Recording, in the following order, (i) the LUC first, (ii) the Grant Deed second, and (iii) the Deed third in the official records of Yolo County and instructing the Yolo County Recorder to deliver the LUC to Seller and the Grant Deed and the Deed to Buyer after recording;

(b) Delivering the Seller Payment and the Deposit (including any accrued interest on the Deposit) to or for the account of Buyer;

(c) Delivering to or for the account of Seller the amount, if any, payable to Seller by Buyer pursuant to Sections 3.4(b) (Costs) and 3.5 (Prorations), and delivering to or for the account of Buyer the amount, if any, payable to Buyer by Seller pursuant to Sections 3.4(a) (Costs) and 3.5(a) (Prorations);

(d) Delivering to Seller "as-recorded" conformed copies of the Grant Deed, the Deed, and the LUC;

(e) Delivering to Buyer the Affidavits and "as-recorded" conformed copies of the Grant Deed, the Deed, and the LUC and issuing and delivering to Buyer the title insurance policy described in Section 4.3 (Title Insurance);

(f) Delivering one (1) fully executed original of the Performance Bond, each to Seller and Buyer; and

(g) Delivering one (1) fully executed original of each of the Bill of Sale and of the Assignment and Assumption Agreement, each to Seller and Buyer.

3.4 Costs. Seller and Buyer agree that each party shall pay the following:

(a) Seller shall pay the cost of the recording fees for recordation of the LUC, the Grant Deed, and the Deed; and

(b) Buyer shall pay all sales and use taxes resulting from the consummation of the transactions contemplated by this Agreement, real property conveyance or documentary transfer taxes charged by Yolo County and by the city of Winters, if any, with respect to the Grant Deed, the Deed, and the LUC, escrow fees charged by the Title Company, the premium and endorsement charges for the policy of title insurance described in Section 4.3 (Title Insurance), and any applicable costs and expenses related to the Natural Hazards Report to be obtained pursuant to Section 5.8 (Natural Hazard Disclosures). Buyer shall also pay the cost of any survey (ALTA or otherwise) performed and/or that is required by the Title Company in order to issue the policy of title insurance described in Section 4.3 (Title Insurance).

3.5 Prorations.

(a) Rents and other charges under any leases, utility charges, payments under any maintenance agreements or service contracts (provided such maintenance agreements and/or service contracts are assumed by Buyer), and all other income and expense items related to the Assets shall be prorated as of the Close of Escrow. The net amount due to each party from the other party, respectively, under this Section 3.5(a), if any, shall be delivered to the Title Company in accordance with the applicable subsection of Section 3.2 (Deposits into Escrow).

(b) All current general and special real estate taxes, bond interest (if applicable), assessments, improvement district assessments and similar items ("Real Estate Taxes") owed at the time of the Close of Escrow shall be prorated between Buyer and Seller as of the Close of Escrow. If the amount of any proration cannot be determined at the Close of Escrow or if any "escape" assessments are assessed against the Assets after the Close of Escrow that relate to the period before the Close of Escrow, the adjustments will be made between the parties as soon after the Close of Escrow as possible. Any supplemental assessments assessed for any time period after the Close of Escrow (including any supplemental county and city assessments based on the increased value of the Assets above the state-assessed value) are Buyer's sole responsibility. Any supplemental assessments assessed for any time period ending on or before the Close of Escrow (including any supplemental county and city assessments based on the increased value of the Assets above the state-assessed value) are Seller's sole responsibility. **Buyer expressly acknowledges that Seller, as a regulated public utility, pays Real Estate Taxes on the Real Property Fee Interests as assessed by the California State Board of Equalization ("SBE") as of January 1 of each year. Once the Real Property Fee Interests are so assessed, Seller automatically is obligated to pay Real Estate Taxes thereon for the subsequent fiscal year commencing the following July 1. In this regard, Seller represents and warrants that it has paid, or will pay, all Real Estate Taxes assessed as of January 1, 2023, for tax fiscal year period from July 1, 2023 through June 30, 2024. If the Close of Escrow occurs between January 1, 2023 and June 30, 2024, Buyer shall deposit into Escrow the full amount to pay Real Estate Taxes or to reimburse Seller for Real Estate Taxes paid for the tax year beginning on the July 1, 2023 immediately following the Close of Escrow, in addition to the prorated amount of Real Estate Taxes for the current tax year (ending June 30). At the Close of Escrow, Real Estate Taxes shall be prorated between Seller and Buyer in light of the foregoing, with Seller responsible for all Real Estate Taxes allocable to the period on and before the Close of Escrow, and Buyer responsible for all Real Estate Taxes allocable to the period after the Close of Escrow.** The Real Estate Taxes, for proration purposes, shall be based on the actual figures for the applicable fiscal year, unless Escrow is to close before these figures are available, in which case the proration shall be based on the immediately preceding year's figures, subject to reconciliation between the parties following the Close of Escrow. The 365-day year shall be used for proration purposes. If applicable, Seller shall pay the Real Estate Taxes for the subsequent tax year before they become delinquent; provided, however, that Seller shall have the right to pay such Real Estate Taxes in installments as permitted by law. Buyer shall cooperate with Seller and the SBE to complete any documentation necessary to transfer the assessment process out of SBE jurisdiction and terminate the assessment of Real Estate Taxes by the SBE. Notwithstanding anything to the contrary herein, Seller

agrees that it shall promptly provide Notice to Buyer following (a) Seller's receipt of any assessment of property value with respect to any of the Assets, tax rates applicable to any of the Assets with respect to Real Estate Taxes and/or the amount of any Real Estate Taxes from the SBE or any other applicable governmental authority, in each case, with respect to or related to any Real Estate Taxes for which Buyer is liable or responsible under this Agreement and (b) Seller's payment of any Real Estate Taxes in accordance with this Section 3.5. Promptly following Buyer's receipt of Notice from Seller that Seller has paid any Real Estate Taxes for which Seller is entitled to reimbursement from Buyer under this Section 3.5, Buyer and Seller shall each cooperate in good faith to take such actions as are reasonably necessary for an amount equal to such Real Estate Taxes to be released from Escrow to Seller.

The obligations of the parties under this Section 3.5 shall survive the Close of Escrow.

3.6 Possession of Assets. Subject to the terms and conditions contained in this Agreement, Seller shall deliver possession of the Assets to Buyer upon the Close of Escrow.

3.7 Early Termination of Escrow. If this Agreement terminates pursuant to Section 2.3(d) (CPUC Approval), 4.2 (Title Review), 5.4 (Right to Terminate During Initial Inspection Period), 7.4 (Termination of Agreement for Failure of Conditions), 8 (Casualty Loss; Condemnation), or 11.6 (Severability), then: the Escrow shall terminate; each party shall pay one-half (1/2) of the Escrow termination fee, if any; the Deposit shall be handled in the manner set forth in Section 2.1(b), and Seller and Buyer shall thereupon each be released from any further obligations under this Agreement, except for those obligations that expressly survive termination.

4. TITLE; TITLE INSURANCE.

4.1 Title. It shall be a condition precedent to Buyer's obligation to accept the sale, transfer and conveyance of the Assets that Seller convey the Real Property Fee Interests, Tangible Property, and Permits to Buyer free and clear of all liens, mortgages, security interests, pledges, charges or other encumbrances ("Encumbrances") subject only to the following exceptions ("Permitted Encumbrances"):

- (a) The lien of taxes, not delinquent;
- (b) All matters and exceptions of record approved or deemed approved by Buyer pursuant to Section 4.2 (Title Review) below, and the standard printed exceptions to the form of policy of title insurance described in Section 4.3 (Title Insurance);
- (c) Any matters affecting title to the Assets created by or with the express written consent of Buyer;
- (d) The LUC; and
- (e) Any applicable grazing rights or related licenses.

At the Close of Escrow, Buyer shall take title to the Assets subject to the Permitted Encumbrances, and shall not be entitled to any increase or addition to the Seller Payment or to any other payment with respect to any of the Permitted Encumbrances.

4.2 Title Review. No later than twenty (20) business days following the Execution Date, Seller shall provide Buyer with a preliminary title report for the Real Property Fee Interests, together with copies of the instruments underlying any exceptions referred to therein ("Title Report"). Within twenty (20) business days after Buyer's receipt of the Title Report ("Title Review Period"), Buyer shall give Seller and the Title Company Notice ("Buyer's Title Notice") of Buyer's approval or disapproval of any matters shown in the Title Report. The failure of Buyer to give Buyer's Title Notice prior to expiration of the Title Review Period shall be deemed Buyer's approval of all matters shown in the Title Report. If Buyer timely

disapproves of any matter shown in the Title Report, Seller shall, within fifteen (15) business days after receipt of Buyer's Title Notice ("Seller's Title Response Period"), give Buyer Notice ("Seller's Title Notice") of those disapproved title matters, if any, which Seller is willing and able to eliminate from title to the Real Property Fee Interests by Close of Escrow, including by the issuance of endorsements to Buyer's title policy or other manner reasonably satisfactory to Buyer. Seller shall have no obligation to remove, but may, in its sole discretion, elect to remove any title matters disapproved by Buyer. Seller's failure to deliver Seller's Title Notice prior to expiration of Seller's Title Response Period shall be deemed Seller's refusal to remove the disapproved title matters. If Seller is unwilling or unable to remove, or is deemed to refuse to remove, any of the title matters disapproved by Buyer, then Buyer shall have the right, upon Notice provided to Seller within five (5) business days after the earlier of (a) receipt of Seller's Title Notice and (b) expiration of Seller's Title Response Period, to terminate this Agreement. If Buyer so elects to terminate this Agreement, then, provided that Buyer shall not be in Default hereunder, the provisions of Section 3.7 (Early Termination of Escrow) shall apply. If Buyer fails to timely notify Seller of its election to terminate this Agreement, then Buyer shall be deemed to have elected to take title to the Real Property Fee Interests subject to the disapproved title matters.

4.3 Title Insurance. Upon the Close of Escrow, Seller shall cause the Title Company to issue to Buyer a CLTA title insurance policy or such other policy as may be required by the Title Company in the amount of Fifty Million dollars (US \$50,000,000) insuring that fee simple title to the Real Property Fee Interests is vested in Buyer, subject only to the Permitted Encumbrances. If elected by Buyer, the title insurance policy may be an ALTA extended coverage policy, provided that Buyer shall be responsible for the difference in cost between the CLTA policy and the ALTA policy.

5. CONDITION OF THE ASSETS; RELEASES AND INDEMNITIES.

5.1 AS IS CONDITION. BUYER HAS BEEN STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE ASSETS AND ALL MATTERS AFFECTING THE VALUE OR DESIRABILITY OF THE ASSETS, INCLUDING THE PRESENCE OF ENVIRONMENTAL HAZARDS ARISING FROM THE PRESENCE IN, ON, UNDER, AROUND OR ABOUT THE ASSETS OF HAZARDOUS SUBSTANCES. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER SELLER, NOR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS MAKES OR HAS MADE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, WRITTEN OR ORAL, AS TO ANY ASPECT, PORTION OR COMPONENT OF THE ASSETS, INCLUDING THE PHYSICAL CONDITION OF THE ASSETS, THE VALUE OR QUALITY OF THE ASSETS, THE USES OF THE ASSETS OR ANY LIMITATIONS THEREON, INCLUDING ANY REPRESENTATION OR WARRANTY PERTAINING TO ZONING, ENVIRONMENTAL OR OTHER LAWS, REGULATIONS OR GOVERNMENTAL REQUIREMENTS AND ANY COMPLIANCE OR LIABILITY ASSOCIATED THEREWITH; THE UTILITIES ON THE ASSETS OR OTHERWISE ABOUT THE ASSETS; THE COSTS OF OPERATING THE ASSETS OR ANY OTHER ASPECT OF THE ECONOMIC OPERATIONS OF THE ASSETS; THE PROSPECTS (FINANCIAL OR OTHERWISE), RISKS AND OTHER INCIDENTS OF THE ASSETS; THE CONDITION OF THE SOILS OR GROUNDWATER IN, ON, UNDER, AROUND OR ABOUT THE ASSETS; TOXIC MATERIALS OR HAZARDOUS SUBSTANCES IN, ON, UNDER, AROUND OR ABOUT THE ASSETS; OR ANY OTHER MATTER BEARING ON THE USE, VALUE OR CONDITION OF THE ASSETS. FURTHER, SELLER MAKES AND HAS MADE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE CONDITION OF TITLE TO THE ASSETS WITH THE SOLE EXCEPTION OF THE TANGIBLE PROPERTY, AND BUYER AGREES THAT IT WILL RELY SOLELY ON ITS POLICY OF TITLE INSURANCE ISSUED PURSUANT TO SECTION 4.3 (TITLE INSURANCE) WITH RESPECT TO THE REAL PROPERTY FEE INTERESTS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER SPECIFICALLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES OF MERCHANTABILITY, USAGE, SUITABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS, OR ANY PART THEREOF, AND AS TO THE WORKMANSHIP OR CONSTRUCTION THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THE ASSETS ARE BEING SOLD AND CONVEYED "AS IS, WHERE IS, WITH ALL FAULTS".

5.2 Right of Inspection.

(a) For that time period which is sixty (60) business days following the Execution Date ("Initial Inspection Period"), subject to the terms and conditions of this Section 5.2, Buyer and Buyer's authorized representatives, may survey and inspect the Assets on dates and times reasonably acceptable to the parties. No invasive testing, including soil or groundwater sampling, shall be conducted on the Assets unless and until the invasive testing plans and procedures are approved in writing by Seller, such approval not to be unreasonably withheld, conditioned or delayed. If Seller approves of such invasive testing, Buyer shall prepare, at Buyer's sole cost and expense, a work plan that describes in reasonable detail the nature, scope, location and purpose of all of Buyer's invasive activities to be performed on the Assets, including methods and procedures for restoration of any alteration to any Assets, and a health and safety plan ("Invasive Testing Work Plan"). With respect to any surveys or testing (whether or not invasive), Buyer shall comply with all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities, all at Buyer's sole cost and expense. In the event that Buyer conducts any testing (whether or not invasive), Buyer shall return the Assets as nearly as possible to the same condition that the Assets were in before any entry or testing activities. In the event that Buyer reasonably and in good faith (i) prepares an Invasive Testing Work Plan and (ii) requests to conduct invasive testing in accordance with such Invasive Testing Work Plan, but Seller unreasonably withholds, conditions or delays its approval of such testing, then Buyer shall have the right to terminate this Agreement by Notice to Seller provided within the Initial Inspection Period, but before 5:00 p.m. Pacific time on the last day of the Initial Inspection Period.

(b) With Seller's prior written approval, such approval not to be unreasonably withheld, conditioned or delayed, Buyer may access and inspect the Assets following the expiration of the Initial Inspection Period and prior to the Close of Escrow ("Subsequent Inspection Period").

(c) Buyer's entry and inspection of the Assets shall not unreasonably interfere with Seller's use of the Assets or the use of the Assets by any tenants, easement holders, licensees, permittees or other third parties occupying or using the Assets. Seller shall have the right to have a representative accompany Buyer during any approved entry and/or inspection.

(d) At Buyer's sole cost and expense, Buyer shall provide Seller, as soon as they are available, with copies of the results of all analytical tests, photos, and geological logs generated in connection with Buyer's investigation of the Assets. Buyer shall provide Seller with copies of any and all final third party reports generated in connection with Buyer's investigation of the Assets as soon as they are available. Buyer and Seller shall keep such reports confidential as more specifically set forth in Section 5.9 (Confidentiality).

5.3 Inspection Indemnification; Release; Insurance.

(a) Buyer shall indemnify, defend, protect and hold Seller, its officers, directors, employees, agents and contractors (collectively, "Indemnitees") harmless from and against any and all losses (including diminution in the value of the Assets and other consequential damages), costs, claims, demands, actions, suits, orders, causes of action (including attorneys' fees and costs), obligations, controversies, debts, expenses, accounts, damages, judgments, and liabilities of whatever kind or nature, and by whomsoever asserted, in law, equity, or otherwise (collectively, "Claims") arising out of or in any way connected with the Assets that occur as a result of any entry upon the Assets, or inspection activities conducted thereon or thereto by Buyer, Buyer Affiliates, or any of their respective employees, agents, contractors, subcontractors, consultants or representatives (each, "Buyer's Representative", and collectively, "Buyer's Representatives"), excepting only those Claims that directly arise from the gross negligence or willful misconduct of the Indemnitees; provided that, the mere discovery of any conditions without causation shall not arise to a Claim indemnified under this Section 5.3(a). Subject to the expressly stated exception for those Claims that directly arise from the gross negligence or willful misconduct of the Indemnitees, Seller shall not be liable to Buyer, and Buyer hereby waives and releases Seller and the other Indemnitees from any and all Claims arising out of or in any way connected with the Assets and occurring as a result of any entry upon the Assets, or inspection activities conducted thereon or thereto, by Buyer or

Buyer's Representatives pursuant to Section 5.2 (Right of Inspection). In addition, Seller may require Buyer's Representatives to execute and deliver to Seller a release reasonably satisfactory in form and substance (and consistent with the terms of this Section 5.3(a)) to Seller prior to any entry upon or inspection of the Assets by such Buyer Representative. Buyer shall, and shall cause each of Buyer's Representatives (other than its employees) to, procure, carry and maintain in effect before and throughout the period of time that Buyer or such Buyer Representative shall be entering and/or inspecting the Assets, not less than Two Million dollars (US \$2,000,000) in comprehensive general liability insurance coverage, insuring all activities and conduct of such parties on or with respect to the Assets, issued by an insurance company licensed in the State of California, having a Best's rating of not less than XII A-, and otherwise reasonably acceptable to Seller. Seller shall be an additional insured under such policy(ies). Buyer shall deliver to Seller certificates of insurance evidencing the coverages required hereunder, as well as original endorsements evidencing additional insured status, prior to any entry upon or inspection of the Assets by Buyer or the applicable Buyer's Representative. The provisions of this Section 5.3(a) shall survive the expiration or earlier termination of this Agreement or the Close of Escrow. As used throughout this Section 5, "Buyer Affiliates" means any person or entity in which Buyer, directly or indirectly, has an ownership, management, and/or financial interest.

(b) Notwithstanding anything to the contrary herein, (i) Buyer acknowledges and agrees that it shall promptly provide Notice to Seller of any material adverse condition discovered by Buyer as a result of its inspection of the Assets pursuant to Section 5.2 (any such Notice, an "Inspection Notice") and (ii) following Buyer's delivery of any such Inspection Notice to Seller, Seller shall have the option, exercised by Notice to Buyer, to elect to use commercially reasonable efforts to correct, cure and/or resolve, as applicable, any such condition identified in such Inspection Notice (at Seller's sole cost and expense) to Buyer's reasonable satisfaction; provided, however, that notwithstanding the foregoing, the parties acknowledge and agree that (1) Seller shall have no obligation to correct, cure and/or resolve any such condition and (2) the parties' respective rights and obligations set forth in this Section 5.3(b) shall not limit or restrict any of Buyer's rights set forth in this Agreement, including Section 5.4 (Right to Terminate During Initial Inspection Period) and Section 5.12(a) (Seller's indemnity), with respect to any such condition that is not corrected, cured and/or resolved, as applicable, to Buyer's reasonable satisfaction.

5.4 Right to Terminate During Initial Inspection Period. Subject to the terms and conditions of Section 5.3(b), if any material adverse condition is discovered by Buyer as a result of Buyer's inspection during the Initial Inspection Period and, following Buyer's prompt delivery of an Inspection Notice to Seller in connection therewith, such material adverse condition is not corrected, cured and/or resolved, as applicable, to Buyer's reasonable satisfaction on or prior to 5:00 p.m. Pacific time on the last day of the Initial Inspection Period, then Buyer shall have the right to terminate this Agreement by Notice to Seller provided no later than five (5) business days after the expiration of the Initial Inspection Period. Buyer's Notice of termination shall specify in detail the basis for Buyer's termination of this Agreement pursuant to this Section 5.4. If Buyer elects not to terminate this Agreement as permitted above, then Buyer shall have no further right to terminate this Agreement except as otherwise expressly set forth in this Agreement.

5.5 Hazardous Substances.

(a) At some time prior to and/or during Seller's ownership or use of the Assets, Hazardous Substances, as defined in Section 5.5(b), were handled, treated, stored and/or released. Seller has conducted a limited investigation of the Real Property Fee Interests for Hazardous Substances as described in the environmental reports relating to the Real Property Fee Interests described on Exhibit G attached hereto ("Environmental Reports"). Seller has provided Buyer with copies of the Environmental Reports, and Buyer may utilize the Environmental Reports in its due diligence review; provided, however, Buyer acknowledges and agrees that (i) Seller makes absolutely no representations or warranties as to the accuracy or completeness of any information contained in the Environmental Reports or the methods upon which said information was obtained by the issuers of the Environmental Reports, (ii) Buyer will not rely in any manner upon the information contained in the Environmental Reports, and (iii) neither Seller nor the issuer of any of the Environmental Reports shall have liability whatsoever to Buyer for any false, inaccurate or misleading matters or information contained in the Environmental Reports.

(b) "Hazardous Substance" means any chemical, material or substance: (i) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar nature under any applicable local, state or federal law or under the regulations adopted or promulgated pursuant thereto, including without limitation, any and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or (ii) that is now or hereafter regulated as a Hazardous Substance by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any State of the United States or any political subdivision thereof; or which cause, or are listed by the State of California as being known to the State of California to cause, cancer or reproductive toxicity; or include without limitation substances containing petroleum hydrocarbons, lead-based paint or other lead contamination, asbestos or asbestos-containing materials, or radon gas; or (iii) the presence of which in, on, under, about or incorporated in any of the Assets poses or threatens to pose a hazard to the health or safety of persons or to the environment.

(c) "Environmental Requirements" means all applicable present and future laws, statutes, regulations, rules, ordinances, codes, rules, licenses, permits, orders, approvals, authorizations, judicial, administrative and regulatory decrees, directives and judgments relating to the protection of human health, or safety, or regulating or relating to industrial hygiene or environmental conditions, or the protection of the environment, or pollution or contamination of the air, soil, surface water, or groundwater.

(d) "Land Use Covenant". Buyer acknowledges that before Seller's sale, transfer and conveyance of the Assets, Seller will record the Land Use Covenant. Buyer further agrees that language shall be included in the Grant Deed as required by the LUC.

5.6 Buyer's Release and Indemnity. As a material inducement to Seller for the sale, transfer and conveyance of the Assets to Buyer, Buyer agrees to the release and indemnity set forth below in this Section 5.6. The parties have taken the obligations of Buyer set forth in this Section 5.6 into account in establishing the amount of the Seller Payment for the Assets.

(a) Buyer's Release of Seller. Buyer acknowledges that Seller shall not in any manner be responsible to Buyer for the presence of any Hazardous Substances on, under, about or otherwise affecting the Assets. To ensure that Buyer understands the risks inherent in Buyer's execution of this Agreement, Seller has strongly advised Buyer to investigate the condition and suitability of all aspects of the Assets and all matters affecting the value or desirability of the Assets, or that may be perceived to affect the value or desirability of the Assets. Buyer hereby acknowledges and confirms that it has been afforded the opportunity to, and has performed or will perform, prior to expiration of the Initial Inspection Period, the environmental inspections, tests and studies, including invasive testing and/or groundwater sampling on, under, about or adjacent to the Assets, which Buyer and its consultants and engineers have deemed necessary in order to assess the condition of the Assets and to assume the risk of the release and indemnity provided for in this Agreement. Buyer hereby waives, releases and forever discharges Seller and the other Indemnitees from any and all Claims that Buyer may have at the Close of Escrow or that may arise in the future on account of or in any way arising out of or connected with the Assets, including, but not limited to, the physical condition, nature or quality of the Assets, the presence of any Hazardous Substances on, under, about or otherwise affecting the Assets, or the ownership, management or operation of the Assets, except as set forth in Section 6.1 (Seller's Representations) below and except for Buyer's express rights to indemnification set forth in this Agreement. Buyer acknowledges that it may hereinafter discover facts different from or in addition to those that it now knows or believes to be true with respect to the matters which are the subject of this Agreement, and agrees that this Agreement shall remain in effect in all respects, notwithstanding the discovery of such different or additional facts. In addition, Buyer understands and agrees that its covenants contained in this Agreement extend to all Claims of any nature and kind, known or unknown, suspected or unsuspected, based in whole or in part on facts existing in the past or as of the date hereof, and in that regard, Buyer acknowledges that it has read, considered, and understands the provisions of California Civil Code Section 1542, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Based upon the advice of its counsel, Buyer knowingly and voluntarily waives and relinquishes any and all rights that it may have under Section 1542, as well as under the provisions of all comparable, equivalent, or similar statutes and principles of common law or other decisional law of any and all States of the United States or of the United States. Buyer understands and acknowledges the significance and consequences of this waiver and hereby assumes the risk of any injuries, losses or damages that may arise from such waiver.

Buyer: PLEASANT CREEK GAS STORAGE HOLDINGS, LLC

E-SIGNED by John F. Thrash

By: on 2023-03-28 20:54:01 GMT

Name and Title: John F. Thrash, Chief Executive Officer

Buyer represents and warrants to Seller that it is the sole and lawful owner of all right, title and interest in and to every Claim that Buyer purports to release herein, and that it has not previously assigned or transferred, or purported to assign or transfer, to any person, firm, association, corporation or other entity, any right, title or interest in any such Claim. If such representation is false, and any such Claim is asserted against Seller or any of the other Indemnitees, by any party or entity who is the assignee or transferee of such Claim, then Buyer shall fully indemnify, defend and hold harmless Seller and the other Indemnitees against whom such Claim is asserted from and against such Claim and from all actual costs, fees, expenses, liabilities and damages that such party incurs as a result of the assertion of such Claim.

(b) Buyer's Indemnity of Seller and Other Indemnitees. Buyer agrees, for itself, and on behalf of any Buyer Affiliates, at Buyer's sole cost, risk, and expense, to indemnify, protect, defend, and hold Seller and the other Indemnitees harmless, from and against any and all Claims (including the payment of all damages, whether direct, indirect or consequential, the payment of actual fees and expenses of experts, attorneys and others, and the payment of "response costs" under CERCLA or any other Environmental Requirements) to the extent arising from or relating to the physical condition, nature or quality of the Assets or the presence of any Hazardous Substances on, under, about or otherwise affecting the Assets, including, but not limited to: (i) any violation of the Environmental Requirements; (ii) any lawsuit brought or threatened, settlement reached, or government order relating to any Hazardous Substance on, about, adjacent to, or affecting the Assets; (iii) the use, generation, refining, manufacture, transportation, transfer, production, processing, storage, handling or treatment of any Hazardous Substance on, under, from, or affecting the Assets or Other Property (as defined below); (iv) the presence, disposal, dumping, escape, seepage, leakage, spillage, discharge, emission, pumping, emptying, injecting, leaching, pouring, release or threatened release of any Hazardous Substances on, under, from, or affecting the Assets or Other Property; (v) any Remediation (as defined below) of any Hazardous Substances on, under, about, or affecting the Assets or Other Property; or (vi) any personal injury (including wrongful death) or property damage (real or personal) resulting from any Hazardous Substances on, under, from, or affecting the Assets or Other Property. The foregoing indemnity includes Claims arising from the passive or active negligence of Seller and the other Indemnitees, but not the gross negligence or willful misconduct of Seller and the other Indemnitees. "Remediation" refers to the process of, and all work and planning performed in connection with, the investigation, testing for, monitoring, mitigation, remediation, containment, closure, transportation, removal, cleanup, abatement, and disposal or recycling of Hazardous Substances and containers of Hazardous Substances from the Assets and any other property to which Hazardous Substances originating about or on the Assets have migrated or may migrate in the future ("Other Property"), the repair and restoration of the Assets and Other Property, and the restoration and mitigation of affected natural resources, regardless of whether such actions are required by Environmental

Requirements. The purpose of the foregoing indemnity is to protect Seller and the other Indemnitees from expenses, damages, liabilities, and obligations for personal injury of any type and injury to real or personal property of any type related to the presence of Hazardous Substances in, on, or under the Assets. Buyer's obligation to defend includes the obligation to defend Claims and participate in administrative proceedings, even if they are false or fraudulent. Buyer understands and agrees that its liability to Seller shall arise upon the initiation of any Claims, and not upon the realization of loss or damage.

(c) Notice by Buyer. Buyer shall promptly provide Notice to Seller with respect to any notice of potential liability for costs of Remediation, and following such notification (or the determination by Seller of its potential liability for such costs), provide such information and reports with respect to such potential liability and the status of Hazardous Substances about or on the Assets or Other Property as Seller shall reasonably request (subject to preserving any legal privilege).

5.7 Other Documents. Seller has provided Buyer with copies of the other documents ("Other Documents") relating to the Assets described on Exhibit G attached hereto. Buyer may utilize the Other Documents in its due diligence review; provided, however, Buyer acknowledges and agrees that (a) Seller makes absolutely no representations or warranties as to the accuracy or completeness of any information contained in the Other Documents or the methods upon which said information was obtained by the issuers of the Other Documents, (b) Buyer will not rely in any manner upon the information contained in the Other Documents, and (c) neither Seller nor the issuer of any of the Other Documents shall have liability whatsoever to Buyer for any false, inaccurate or misleading matters or information contained in the Other Documents. Nothing contained in this Section 5.7 reduces or otherwise modifies Seller's representations and warranties under Section 6.1.

5.8 Natural Hazard Disclosures. Seller is, or may be, required under California law to disclose if the Real Property Fee Interests lie within the following natural hazard areas or zones: (a) a special flood hazard area designated by the Federal Emergency Management Agency (Government Code Section 8589.3); (b) an area of potential flooding shown on a dam failure inundation map (Government Code Section 8589.4); (c) a very high fire hazard severity zone ("Fire Hazard Severity Zone") (Government Code Section 51183.5); (d) a wildland area that may contain substantial forest fire risks and hazards ("Wildland Fire Zone") (Public Resources Code Section 4136); (e) an earthquake fault zone (Public Resources Code Section 2621.9); or (f) a seismic hazard zone (Public Resources Code Section 2694). Buyer acknowledges and understands that: (i) if any of the Real Property Fee Interests are located in a Fire Hazard Severity Zone, the owner is subject to the maintenance requirements of Government Code Section 51182; and (ii) if any of the Real Property Fee Interests are located in a Wildland Fire Zone, it is subject to the maintenance requirements of Public Resources Code Section 4291, and it is not the State of California's responsibility to provide fire protection services to any building or structure located within a Wildland Fire Zone unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Public Resources Code Section 4142. In addition, if any of the Real Property Fee Interests are situated in one or more of the hazard zones described above, Buyer's ability to develop such Real Property Fee Interests, obtain insurance, or receive assistance after a disaster may be limited. Buyer further acknowledges that the maps on which the natural hazard disclosures are based only estimate where natural hazards exist, and are not definitive indicators of whether or not a property will be affected by a natural disaster. Seller has employed the services of the Title Company (or, if applicable, its designated consultant, contractor or other similar person or entity) (which, in such capacity is herein called "Natural Hazards Expert") to examine the maps and other information specifically made available to the public by government agencies for the purpose of enabling Seller to fulfill the foregoing disclosure obligations. A Natural Hazards Report prepared by the Natural Hazards Expert has been or will be provided to Buyer prior to expiration of the Initial Inspection Period. Buyer acknowledges that the Natural Hazards Report deals with matters within the scope of the Natural Hazards Expert's professional license or expertise, and Seller shall not be liable for any error, inaccuracy or omission of any information relating to natural hazards disclosures not within its personal knowledge. Except as expressly provided herein, Seller is making and has made no representations regarding the seismic, geologic or other natural hazards affecting the Real Property Fee Interests, or the effect thereof on the future use or development of any of the Assets, and Buyer should make its own inquiry and investigation of such hazards.

Further, Buyer hereby waives, to the fullest extent permitted by law, any other disclosure requirements relating to natural hazards imposed on Seller by California law.

5.9 Confidentiality. Buyer has been provided with access to certain documents and records relating to the Assets through a virtual data room or "VDR" (collectively, "VDR Documents") pursuant to the Confidential Information Exchange and Mutual Nondisclosure Agreement between Buyer's Affiliate, SENSEA Holdings LLC, and Seller, dated December 28, 2020 ("NDA"). The VDR Documents constitute Confidential Information as defined herein. Notwithstanding anything to the contrary in the NDA, the Parties' respective obligations regarding the treatment of the VDR Documents as Confidential Information shall be governed by this Section 5.9 as of the Execution Date. Until the Close of Escrow, unless disclosure is otherwise required under this Agreement or under applicable law, Buyer shall keep, and shall cause Buyer's Representatives to keep, confidential all tests, inspections and reports, documents, analyses, and opinions obtained or generated by Buyer with respect to the Assets, including any information provided by Seller (whether through the VDR or otherwise) or received or prepared by Buyer in Buyer's independent factual, physical and legal examinations and inquiries respecting the Assets (collectively, "Confidential Information"), except that Buyer may disclose the same to its legal counsel and consultants with a need to know, provided that Buyer obtains the agreement in writing of such consultants to keep the Confidential Information confidential. Confidential Information does not include information that was in the public domain at the time of disclosure or that is subsequently made available to the general public without restriction and without breach of this Agreement. Until the Close of Escrow, neither the contents nor the results of any Confidential Information shall be disclosed by Buyer or Buyer's Representatives without Seller's prior written approval, unless and until Buyer is legally compelled to make such disclosure. The provisions of this Section 5.9 shall survive an earlier termination of this Agreement.

5.10 Decommissioning Obligations. Buyer shall be solely responsible for the performance of all Decommissioning Obligations with respect to the Assets in accordance with the following terms:

(a) "Decommissioning Obligations" means the obligations to perform or cause to be performed the abandonment, restoration, plugging, decommissioning, dismantling, demolition, cleanup, remediation, removal and disposal activities defined in Exhibit I (Decommissioning Obligations) with respect to the Tangible Property, including the gas transmission pipelines, oil and gas wells, disposal wells, injection wells and other wells and the compressor station, gas meters, sub-meters and other measuring equipment, improvements and other personal property, that would become effective as of and result from the permanent cessation of operation of such Tangible Property and restoration of the surface associated with the Real Property Fee Interests, and the obligations to pay the actual costs of performance of the foregoing activities, in each case, to the extent required by and in compliance with all applicable statutes, laws, orders, ordinances, judgements, decrees, directives, instructions, interpretations, rules and regulations now or hereafter existing of any government authority, including common law, equity and other legal principles, and any permits, licenses or other governmental authority approvals, rights-of-way, easement agreements or other contracts.

(b) Buyer shall provide Notice to Seller no less than five (5) business days prior to the commencement of the performance of any of the Decommissioning Obligations with respect to all or any portion of the Tangible Property.

(c) When Buyer has satisfied the Decommissioning Obligations with respect to all or any portion of the Tangible Property, Buyer shall provide Notice to Seller in the form of Exhibit J ("Decommissioning Completion Certificate") certifying that such Decommissioning Obligations have been fully completed in accordance with all applicable statutes, laws, orders, ordinances, judgements, decrees, directives, instructions, interpretations, rules and regulations now or hereafter in existence as of Buyer's delivery of such Decommissioning Completion Certificate to Seller of any government authority, including common law, equity and other legal principles, and any permits, licenses or other governmental authority approvals, rights-of-way, easement agreements or other contracts. Each Decommissioning Completion Certificate shall be accompanied by written confirmation from the applicable governmental authority, or if such confirmation is not available, evidence reasonably satisfactory to Seller demonstrating that such

Decommissioning Obligations have been satisfied, which may include an attestation from a duly qualified engineer reasonably acceptable to Seller, stating that such Decommissioning Obligations have been fully completed.

5.11 Decommissioning Security.

(a) It is a condition precedent to Seller's obligation to sell, transfer and convey the Assets to Buyer that, at least one (1) business day before the Closing Date, Buyer shall deliver to the Title Company two (2) originals of the Performance Bond duly executed by Buyer and a surety having the Required Ratings (as defined below) and reasonably acceptable to Seller to secure Buyer's obligation to perform the Decommissioning Obligations ("Decommissioning Security"). The Decommissioning Security shall be in an amount no less than Twenty-Nine Million Five Hundred Ninety-Eight Thousand Seven Hundred Eighty-Seven dollars (US \$29,598,787).

(b) The Decommissioning Security must remain in full force and effect and be enforceable until all Decommissioning Obligations have been completed.

(c) If the issuer of the Decommissioning Security ceases at any time to maintain the Required Ratings, then the Buyer shall replace such Decommissioning Security with new Decommissioning Security in the form of cash or a letter of credit or performance bond from an issuer with the Required Ratings within thirty (30) days after the date that Buyer became aware, or should reasonably have become aware, that the issuer of such Decommissioning Security no longer had the Required Ratings.

(d) If any Decommissioning Security has an expiry date, Buyer shall renew or replace such Decommissioning Security at least thirty (30) days prior to the expiry of the term of such Decommissioning Security. If the Buyer fails to so renew or replace such Decommissioning Security prior to the commencement of such thirty (30) day period, Seller shall have the right to immediately enforce such Decommissioning Security before the expiry of its term and hold the cash received as a result of such enforcement until such time as suitable replacement Decommissioning Security is provided by the Buyer.

(e) Upon Seller's approval of a Decommissioning Completion Certificate, which approval shall not be unreasonably withheld, conditioned or delayed, the Parties shall take all action necessary to cause the Decommissioning Security to be reduced to reflect the portion of the Decommissioning Obligations that have been completed in accordance with Exhibit I (Decommissioning Obligations) to this Agreement.

(f) After all Decommissioning Obligations have been completed and Seller has approved the final Decommissioning Completion Certificate, which approval shall not be unreasonably withheld, conditioned or delayed, the Parties shall take all action necessary to cause the Decommissioning Security to be released and returned to the Buyer.

(g) For purposes of this Section 5.11, "Required Ratings" means, (a) in respect of any entity issuing a letter of credit, such entity has a minimum issuer credit rating for US\$ obligations of "A-" by Standard & Poor's or "A3" by Moody's, or the entity's US\$ denominated senior long-term unsecured debt securities must be rated no lower than "A3" by Moody's or "A-" by Standard & Poor's and (b) in respect of any entity issuing a performance bond, such entity has a financial strength rating of "A-" from A.M. Best Company, Inc. minimum long term issuer credit rating for US\$ obligations of "a-" from A.M. Best Company, Inc. In cases where ratings of the aforementioned rating agencies are different, the lowest credit rating should be used to establish the applicable rating in respect of any entity.

5.12 Post Closing Indemnity.

(a) Seller's Indemnity. Notwithstanding anything to the contrary in this Agreement, from and after the Closing Date Seller shall indemnify, defend and hold harmless Buyer and Buyer's Representatives from and against any and all Claims that such persons may incur resulting from

or arising out of any breach of any representation or warranty of Seller contained in this Agreement, any breach of any covenant or agreement of Seller contained in this Agreement, or any Excluded Liabilities.

(b) Buyer's Indemnity. In addition to Buyer's other indemnification obligations in this Agreement, from and after the Closing Date Buyer shall indemnify, defend and hold harmless Seller and Seller's Representatives from and against any and all Claims that such persons may incur resulting from or arising out of any breach of any representation or warranty of Buyer contained in this Agreement, any breach of any covenant or agreement of Buyer contained in this Agreement, or any Assumed Liabilities.

(c) Indemnity Claim Threshold. Notwithstanding anything to the contrary herein, neither Buyer nor Seller shall be entitled to assert any indemnity claim pursuant to Section 5.12(a) or Section 5.12(b), as applicable, with respect to any Claim for which the applicable indemnified party reasonably believes all damages, liabilities, losses and obligations attributable or related to such Claim equal an amount that is less than Ten Thousand dollars (US \$10,000).

5.13 Survival. The covenants, agreements and obligations of the parties contained in this Article 5 shall survive the expiration or earlier termination of this Agreement, or the Close of Escrow. Without limiting the generality of the foregoing, and notwithstanding any other term of this Agreement, Sections 5.10 (Decommissioning Obligations) and 5.11 (Decommissioning Security) shall continue in full force and effect until all Decommissioning Obligations have been fully and finally completed.

6. REPRESENTATIONS AND WARRANTIES.

6.1 Seller's Representations. As of the Execution Date and the Closing Date, Seller hereby represents and warrants to Buyer as follows:

(a) Seller is a duly organized and validly existing corporation in good standing under the laws of the State of California. Seller has full corporate power to enter into and carry out its obligations under this Agreement, and all corporate action on the part of Seller necessary for the valid authorization, execution, and delivery of this Agreement, and the consummation of the transactions contemplated hereby has been taken, or will be taken at or before the Close of Escrow; provided, however, that the foregoing representation and warranty is subject to Seller's receipt of CPUC Approval as determined herein.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or constitute a default under any of the terms, conditions or provisions of any other agreement to which Seller is a party or by which Seller is bound, and will not violate any provision of, or require any consent, authorization or approval under, any applicable law, regulation, or order; provided, however, that the foregoing representation and warranty is subject to Seller's receipt of CPUC Approval as determined herein.

(c) To Seller's actual knowledge during the twelve (12) month period preceding the Execution Date, Seller has received no written notice from any governmental agency or private person that the condition, use or operation of the Assets violates any law or any order or requirement of any governmental agency that could materially and adversely affect the operation or value of the Assets (other than violations which have been cured).

(d) To Seller's actual knowledge during the twelve (12) month period preceding the Execution Date, Seller has received no written notice of any pending or threatened lawsuits of any kind against Seller that could materially and adversely affect the operation or value of the Assets or prohibit the sale thereof.

(e) To Seller's actual knowledge during the twelve (12) month period preceding the Execution Date, Seller has received no written notice of any pending, threatened or contemplated condemnation proceedings affecting the Assets or any part thereof.

(f) Seller holds title to the Tangible Property, free and clear of all Encumbrances other than the Permitted Encumbrances.

(g) The maximum total inventory capacity of the Facility is approximately 7.4 Billion Cubic Feet ("Bcf"), with a working gas capacity of approximately 2.3 Bcf, and the Facility has a cushion gas volume of approximately 5.1 Bcf, with such amounts calculated at maximum and minimum field pressures of approximately 1,250 and approximately 750 psig, respectively.

(h) Seller has not granted any rights of first refusal or preemptive rights to purchase or acquire the Assets or other similar rights applicable to the transfer of the Assets that have not expired or terminated in accordance with their terms.

(i) Seller has (or will have) timely filed on or prior to the Close of Escrow with appropriate tax authorities all Tax returns with respect to the Assets required to be filed by Seller. All Taxes due by or with respect to the Assets on or prior to the Close of Escrow have been paid when due. "Tax" or "Taxes" as used in Section 6.1(i) shall mean: Real Estate Taxes; federal and state income taxes; sales, use, and franchise taxes; and any and all penalties, fees and interests assessed on or with respect to any such taxes.

(j) Seller has not (nor has any affiliate of Seller) created, filed or placed (or allowed or permitted to be created, filed or placed) any lien, mortgage, security interest, pledge, charge or other encumbrance on or otherwise affecting all or any portion of any of the Subsurface Rights that has not been released or otherwise extinguished.

Seller's "actual knowledge" as used in this Section 6.1 shall mean the actual knowledge of, or receipt of written notice by, Seller's representatives identified in Exhibit H ("Seller's Representatives"), without any duty of inquiry. Buyer acknowledges and agrees that Buyer will, except for the limited representations and warranties contained in this Section 6.1, rely solely on its own investigations in making its decision to acquire the Assets.

6.2 Buyer's Representations. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell, transfer and convey the Assets to Buyer, Buyer makes the following representations and warranties, each of which is material, is being relied upon by Seller (the continued truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder) and shall fully survive the Close of Escrow for the period set forth in Section 11.2 (Survival) below:

(a) Buyer is a duly organized and validly existing limited liability company in good standing under the laws of the State of Delaware. Buyer is qualified to do business in the State of California. Buyer has full corporate power to enter into and carry out its obligations under this Agreement, and all corporate action on the part of Buyer necessary for the valid authorization, execution, and delivery of this Agreement, and the consummation of the transactions contemplated hereby has been taken, or will be taken at or before the Close of Escrow.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or constitute a default under any of the terms, conditions or provisions of any other agreement to which Buyer is a party or by which Buyer is bound, and, assuming CPUC Approval is obtained, will not violate any provision of, or require any consent, authorization or approval under, any applicable law, regulation, or order.

(c) The persons executing this Agreement on behalf of Buyer have the full right and authority to execute this Agreement on behalf of Buyer and to bind Buyer without the consent or approval of any other person or entity. Except for obtaining CPUC Approval and any required approval of governmental authorities for the transfer of the Permits, no consent or approval of, filing with or notice to, any person or entity is required to be obtained or made by Buyer in connection with Buyer's execution,

delivery and performance of this Agreement, or the consummation of the transactions contemplated hereby, which if not obtained or made will prevent Buyer from performing its obligations hereunder.

(d) This Agreement and all documents executed by Buyer which are to be delivered to Seller upon the Close of Escrow are, or at the time of the Close of Escrow will be, (i) duly authorized, properly executed and delivered by Buyer, (ii) legal, valid and binding obligations of Buyer enforceable in accordance with their terms at the time of the Close of Escrow, and (iii) not in violation of any agreement or judicial order to which Buyer is a party or to which it is subject.

(e) There is no action, investigation or request for information by any governmental authority which could result, or has resulted in: (i) the institution of legal proceedings to prohibit or restrain the performance of this Agreement by Buyer or the consummation of the transactions contemplated hereby by Buyer, or (ii) a claim for damages as a result of Buyer's performance of this Agreement or the consummation of the transactions contemplated hereby by Buyer.

(f) There is no pending or threatened litigation, claim, investigation or proceeding (private or governmental) against Buyer which, if adversely determined, would have a material adverse effect on Buyer's acquisition of the Assets or Buyer's ability to perform this Agreement.

(g) Buyer (or an Affiliate of Buyer) is an experienced real property owner, and gas storage operator and/or investor, and is represented or has had an opportunity to be represented by counsel in connection with this transaction. Except for the express representations and warranties of Seller contained in Section 6.1 (Seller's Representations) above, Buyer specifically acknowledges that it is acquiring the Assets "AS IS, WHERE IS, WITH ALL FAULTS", without any representations or warranties of Seller, express or implied, written or oral, as to the nature or condition of title to the Assets, the physical condition of the Assets, the uses of the Assets or any limitations thereon. Except for the express representations and warranties of Seller contained in Section 6.1 (Seller's Representations) above, Buyer is relying solely upon, and, as of the expiration of the Initial Inspection Period will have conducted, its own analysis of the Assets as it deems necessary or appropriate in acquiring the Assets from Seller, including an analysis of any and all matters concerning the physical or environmental condition, condition of title, use, development or suitability for development of the Assets. Except as provided herein, Buyer is not relying in any way upon any representations, statements, agreements, warranties, studies, plans, reports, descriptions, guidelines or other information or material furnished by Seller or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any of the foregoing matters.

(h) Buyer is not, and at no time during the term of this Agreement will Buyer be: (i) in violation of any Anti-Terrorism Law (defined below); (ii) conducting any business or engaging in any transaction or dealing with any Prohibited Person (defined below), including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (iii) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 (defined below); or (iv) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law. Neither Buyer nor any of its Affiliates, officers, directors, shareholders, partners or members is, or at any time during the term of this Agreement will be, a Prohibited Person. As used herein, "Anti-Terrorism Law" means any law or regulation relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, and Title 3 of the USA Patriot Act (defined below), and any regulations promulgated under any of them, each as may be amended from time to time. As used herein, "Executive Order No. 13224" means Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism," as may be amended from time to time. As used herein, "Prohibited Person" means (1) a person or entity that is listed in, or owned or controlled by a person or entity that is listed in, the Annex to Executive Order No. 13224; (2) a person or entity with whom Seller is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (3) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of

Foreign Assets Control at its official website, <http://www.treas.gov/ofac/t11sdn.pdf>, or at any replacement website or other official publication of such list. As used herein, "USA Patriot Act" means the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56). As used herein, "Affiliate" means, with respect to any party, a person or entity that controls, is under common control with, or is controlled by such party.

7. CONDITIONS PRECEDENT.

7.1 Conditions to Buyer's Obligations. Buyer's obligation to accept the sale, transfer and conveyance of the Assets pursuant to the terms and conditions of this Agreement is subject to the fulfillment or Buyer's waiver of each of the following conditions precedent:

- (a) The parties shall have obtained an Acceptable Final CPUC Decision;
- (b) There shall be no applicable law or order of a governmental authority that is in effect that restrains, restricts or prohibits the consummation of any of the transactions contemplated by this Agreement and no legal proceeding shall be pending which seeks to prevent or delay the consummation of the transactions contemplated by this Agreement or which challenges the enforceability of this Agreement;
- (c) The Title Company shall be prepared to issue at the Close of Escrow the title insurance policy acceptable to Buyer as further described in Section 4.3 (Title Insurance) upon payment of its regularly scheduled premium therefor;
- (d) Seller shall have timely performed each and every covenant contained in this Agreement to be performed by Seller at or before the Close of Escrow;
- (e) Seller and the Title Company, as applicable, shall have delivered the items required by Sections 3.2 (Deposits into Escrow) and 3.3 (Closing);
- (f) The representations and warranties made by Seller shall be true and correct as of the Close of Escrow as if those representations and warranties were made on said date; and
- (g) The CalGEM Change of Operatorship Form and/or any other applicable form or submission as may be required by CalGEM ("CalGEM Change of Operatorship Submission") shall have been jointly submitted to the California Department of Conservation Geologic Energy Management Division ("CalGEM").

7.2 Conditions to Seller's Obligations. Seller's obligation to sell, transfer and convey the Assets to Buyer pursuant to the terms and conditions of this Agreement is subject to the fulfillment of each of the following conditions precedent:

- (a) The parties shall have obtained an Acceptable Final CPUC Decision;
- (b) There shall be no applicable law or order of a governmental authority that is in effect that restrains, restricts or prohibits the consummation of any of the transactions contemplated by this Agreement and no legal proceeding shall be pending which seeks to prevent or delay the consummation of the transactions contemplated by this Agreement or which challenges the enforceability of this Agreement;
- (c) Buyer shall have timely performed each and every covenant contained in this Agreement to be performed by Buyer at or before the Close of Escrow, including, but not limited to, the obligations of Buyer pursuant to Sections 5.10 (Decommissioning Obligations) above with respect to the Performance Bond;

(d) The representations and warranties made by Buyer shall be true and correct as of the Close of Escrow as if those representations and warranties were made on said date;

(e) Buyer and the Title Company, as applicable, shall have delivered the items required by Sections 3.2 (Deposits into Escrow) and 3.3 (Closing); and

(f) The CalGEM Change of Operatorship Submission shall have been jointly submitted to CalGEM.

7.3 Subdivision Map Act Compliance. At the Close of Escrow, the Real Property Fee Interests must comply with the California Subdivision Map Act ("Map Act") (Government Code Section 66410, et seq.) ("Map Act Compliance"). During the period that Seller has owned the Real Property Fee Interests certain exemptions to the Map Act may apply due to Seller's status as a public utility. Said exemptions will not apply to Buyer, unless Buyer is also a public utility. The obligation of each party to close the sale of the Assets shall be conditioned upon confirming Map Act Compliance or obtaining such Map Act Compliance before the Close of Escrow, which compliance shall be reasonably determined by Seller and Buyer. Buyer acknowledges and agrees that Seller makes no representation or warranty with respect to Map Act Compliance, and Buyer hereby waives all Claims against Seller that may arise out of losses, expenses or damages suffered or incurred by Buyer as a result of the need for Map Act Compliance, or the failure to obtain Map Act Compliance.

7.4 Termination of Agreement for Failure of Conditions.

(a) Failure of Buyer's Conditions. Subject to subsection (c) below, if any one or more of the conditions to Buyer's obligations, as set forth in Section 7.1 (Conditions to Buyer's Obligations) or elsewhere in this Agreement, is not either fully performed, satisfied or waived in writing on or before that date which is five hundred forty-six (546) days after the filing date of the CPUC Application ("Termination Date for Failure of Conditions"), then Buyer may elect, by Notice to Seller to terminate this Agreement as of the effective date of such Notice. Nothing in this subsection (a) shall be construed to limit Buyer's rights under Section 9.2 (Seller's Default) in the event of a Default by Seller.

(b) Failure of Seller's Conditions. Subject to subsection (c) below, if any one or more of the conditions to Seller's obligations, as set forth in Section 7.2 (Conditions to Seller's Obligations) or elsewhere in this Agreement, is not either fully performed or satisfied on or before the Termination Date for Failure of Conditions, then Seller may elect, by Notice to Buyer, to terminate this Agreement as of the effective date of such Notice. Nothing in this subsection (b) shall be construed to limit Seller's rights under Section 9.1 (Buyer's Default) in the event of a Default by Buyer.

(c) Either party may elect, by Notice provided to the other party no later than thirty (30) days prior to the Termination Date for Failure of Conditions, to extend the Termination Date for Failure of Conditions for an additional three hundred sixty-five (365) days provided that the party exercising the election is not in Default at such time.

(d) No Waiver of Subdivision Map Act Compliance. The condition set forth in Section 7.3 (Subdivision Map Act Compliance) may not be waived by either party. If Seller provides Notice to Buyer or Buyer provides Notice to Seller before the Closing Date that Seller has not either confirmed Map Act Compliance or determined that conveyance of the Real Property Fee Interests to Buyer as contemplated in this Agreement is exempt from the Map Act, then this Agreement shall automatically terminate as of the effective date of such Notice and the rights and obligations of the parties hereunder shall terminate, except for those obligations that expressly survive termination.

8. CASUALTY LOSS; CONDEMNATION. Except as otherwise provided in this Section 8, during the period after the Execution Date until the Close of Escrow, all risk of loss or damage to the Assets shall, as between Buyer and Seller, be borne by Seller. If, after the Execution Date but prior to the Close of Escrow, any portion of the Assets is destroyed by acts of God, acts of the public enemy, terrorism, wars,

insurrections, civil disturbances, riots, landslides, lightning, earthquakes, fires, storms (including wind, rain and freezes), hurricanes, tornadoes, floods, washouts, other weather events, explosion, or other casualty (each, a "Casualty Loss") or is expropriated or taken in condemnation or under right of eminent domain (each, a "Taking"), then the following provisions of this Section 8 shall apply:

(a) Following the occurrence of (i) any one or more Casualty Losses, if the aggregate costs to restore, repair or replace any Assets subject to such Casualty Loss to a condition reasonably comparable to their prior condition, such amount pursuant to this clause (i) to be determined by mutual agreement of Seller and Buyer, or absent such agreement, by an independent third party appraiser or other qualified expert selected by Seller and reasonably acceptable to Buyer (collectively, "Restoration Costs"), or (ii) any one or more Takings, if the value of the property subject to such Taking, less any condemnation award received by Buyer (provided that any such condemnation award is made available to Buyer), such amount pursuant to this clause (ii) to be determined by mutual agreement of Seller and Buyer, or absent such agreement, by an independent third party appraiser or other qualified expert selected by Seller and reasonably acceptable to Buyer (collectively, "Condemnation Value"), is, in the aggregate, less than or equal to Five Hundred Thousand dollars (US \$500,000), there shall be no effect on the transactions contemplated by this Agreement (including for purposes of the conditions to the Close of Escrow and the indemnification and termination provisions hereunder), except that Buyer shall be entitled to receive all insurance proceeds attributed to such casualty and any condemnation award at or following the Close of Escrow, as applicable.

(b) Subject to the termination right of Buyer set forth in Section 8(c) below, upon the occurrence of any one or more Casualty Losses or Takings involving aggregate Restoration Costs and Condemnation Value in excess of Five Hundred Thousand dollars (US \$500,000) ("Major Loss"), Seller shall have the option, exercised by Notice to Buyer, to restore, repair or replace the damaged Assets or properties prior to the Close of Escrow to a condition reasonably comparable to their prior condition. If Seller elects to so restore, repair or replace the Assets or properties relating to a Major Loss, which election shall be made by Notice to Buyer prior to the Close of Escrow and as soon as practicable following the occurrence of the Major Loss, Seller will complete or cause to be completed prior to the Close of Escrow, as a condition to Buyer's obligation to consummate the Close of Escrow, the repair, replacement or restoration of the damaged Assets or property to their condition as of the date of this Agreement, and the Closing Date and any dates in Section 7.4 (Termination of Agreement for Failure of Conditions) shall be postponed for a period not in excess of two hundred (200) days until the amount of time reasonably necessary to complete the restoration, repair or replacement of such property or Assets as reasonably agreed among Buyer and Seller has elapsed. If Seller elects not to cause the restoration, repair or replacement of the property or Assets affected by a Major Loss, or such Major Loss is the result in whole or in part of one or more Takings or is otherwise not capable of being restored, repaired or replaced, the provisions of Section 8(c) will apply.

(c) In the event that (i) the aggregate Restoration Costs and Condemnation Value with respect to one or more Casualty Losses and/or Takings equals an amount in excess of Five Hundred Thousand dollars (US \$500,000), (ii) any Casualty Loss or Taking renders a material portion of the Assets unusable for their intended purpose (i.e., for a gas storage facility), or (iii) a material portion of the land area of the Real Property Fee Interests is under threat of condemnation before the Close of Escrow, then Buyer shall have the right to terminate this Agreement by Notice to Seller.

9. **DEFAULT**. The occurrence of any of the following events shall constitute a default hereunder ("Default") with the subject party being deemed to be "in Default": any material misrepresentation or any material breach of any covenant contained in this Agreement by a party hereto and such misrepresentation or breach is not cured by that party within forty-five (45) days of receipt of Notice from the other party provided in accordance with Section 11.9 (Notices) specifying such misrepresentation or breach ("Default Notice"); provided, however, such forty-five (45) day cure period shall be extended if the misrepresentation or breach is not able to be cured within the forty-five (45) day period and the Noticed party is in the process of curing the misrepresentation or breach in the forty-five (45) day period and shall have cured the misrepresentation or breach within ninety (90) days of receipt of the Default Notice.

9.1 Buyer's Default.

(a) IF THE SALE OF THE ASSETS TO BUYER UNDER THIS AGREEMENT DOES NOT CLOSE BECAUSE OF A DEFAULT BY BUYER, SELLER MAY UNILATERALLY TERMINATE THIS AGREEMENT AND THE ESCROW BY GIVING NOTICE TO BUYER AND THE TITLE COMPANY. THEREUPON, SELLER SHALL BE RELEASED FROM ALL OBLIGATIONS UNDER THIS AGREEMENT, AND THE TITLE COMPANY IS HEREBY IRREVOCABLY INSTRUCTED BY BUYER AND SELLER TO DISBURSE THE DEPOSIT TO SELLER AS LIQUIDATED DAMAGES AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY FOR THE FAILURE OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT TO CLOSE AND THE TERMINATION OF THIS AGREEMENT AS A RESULT OF A DEFAULT BY BUYER. IN ADDITION, THE PARTIES SHALL CAUSE THE TITLE COMPANY TO RETURN ALL DOCUMENTS AND INSTRUMENTS TO THE PARTIES WHO DEPOSITED SAME, AND ALL TITLE AND ESCROW CANCELLATION CHARGES SHALL BE CHARGED TO BUYER. SELLER'S RETENTION OF THE DEPOSIT IS NOT INTENDED AS A FORFEITURE OR A PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO COMPENSATE SELLER FOR DAMAGES IT WILL SUSTAIN BY REASON OF SUCH DEFAULT BY BUYER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677, INCLUDING DAMAGES RESULTING FROM THE REMOVAL OF THE ASSETS FROM THE MARKET, THE LOSS OF BUSINESS AND DEVELOPMENT OPPORTUNITIES AND THE LOSS OF PROSPECTIVE INVESTMENT IN OTHER PROPERTY. THE PARTIES AGREE AND ACKNOWLEDGE THAT THE AMOUNT OF SELLER'S ACTUAL DAMAGES AS A RESULT OF BUYER'S DEFAULT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ASCERTAIN, AND THE AMOUNT PROVIDED FOR HEREIN IS A REASONABLE ESTIMATE OF SUCH DAMAGES. BY THEIR SIGNATURES BELOW, SELLER AND BUYER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.

(b) SUBJECT TO SECTION 11.12 (OTHER LIMITATIONS), NOTHING CONTAINED IN THIS SECTION 9.1 SHALL SERVE TO WAIVE OR OTHERWISE LIMIT (1) SELLER'S REMEDIES OR CLAIMS FOR DAMAGES WITH RESPECT TO ANY OBLIGATIONS OF BUYER THAT, BY THE EXPRESS TERMS OF THIS AGREEMENT, SURVIVE THE TERMINATION OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION BUYER'S CONFIDENTIALITY OBLIGATIONS UNDER SECTIONS 5.9, 9.1(c), AND 11.11 AND EXPRESS INDEMNIFICATION OBLIGATIONS SET FORTH IN THIS AGREEMENT, OR (2) SELLER'S RIGHTS TO OBTAIN FROM BUYER ALL COSTS AND EXPENSES OF ENFORCING THE LIQUIDATED DAMAGE PROVISION CONTAINED IN SECTION 9.1(a) ABOVE, INCLUDING ATTORNEYS' FEES AND COSTS PURSUANT TO SECTION 11.18 (DISPUTE RESOLUTION) BELOW.

(c) THE PARTIES AGREE THAT SELLER WOULD SUFFER MATERIAL INJURY OR DAMAGE NOT COMPENSABLE BY THE PAYMENT OF MONEY IF BUYER WERE TO BREACH OR VIOLATE ITS CONFIDENTIALITY OBLIGATIONS UNDER SECTIONS 5.9 AND 11.11 OF THIS AGREEMENT. ACCORDINGLY, NOTWITHSTANDING THE PROVISIONS OF SECTION 9.1(a) ABOVE, IN ADDITION TO ALL OTHER REMEDIES THAT SELLER MAY HAVE, SELLER MAY BRING AN ACTION IN EQUITY OR OTHERWISE FOR SPECIFIC PERFORMANCE TO ENFORCE COMPLIANCE WITH SUCH SECTIONS, OR AN INJUNCTION TO ENJOIN THE CONTINUANCE OF ANY SUCH BREACH OR VIOLATION THEREOF. BUYER AGREES TO WAIVE ANY REQUIREMENT FOR A BOND IN CONNECTION WITH ANY SUCH INJUNCTIVE OR OTHER EQUITABLE RELIEF.

9.2 Seller's Default.

(a) IF THE SALE OF THE ASSETS TO BUYER UNDER THIS AGREEMENT DOES NOT CLOSE BECAUSE OF A DEFAULT BY SELLER, BUYER MAY ELECT, IN ITS SOLE DISCRETION, TO EITHER (i) UNILATERALLY TERMINATE THIS AGREEMENT AND THE ESCROW BY GIVING NOTICE TO SELLER AND THE TITLE COMPANY OR (ii) SEEK SPECIFIC PERFORMANCE AS DESCRIBED IN SECTION 9.2(c) BELOW. IF BUYER ELECTS TO TERMINATE THIS AGREEMENT, BUYER SHALL BE RELEASED FROM ALL OBLIGATIONS UNDER THIS AGREEMENT, AND THE TITLE COMPANY IS HEREBY IRREVOCABLY INSTRUCTED BY BUYER AND SELLER TO DISBURSE THE

DEPOSIT TO BUYER AND BUYER SHALL BE ENTITLED TO DAMAGES FOR SELLER'S DEFAULT IN AN AMOUNT EQUAL TO THE DEPOSIT AS LIQUIDATED DAMAGES AND AS BUYER'S SOLE AND EXCLUSIVE REMEDY FOR THE FAILURE OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT TO CLOSE AND THE TERMINATION OF THIS AGREEMENT AS A RESULT OF A DEFAULT BY SELLER. IN ADDITION, THE PARTIES SHALL CAUSE THE TITLE COMPANY TO RETURN ALL DOCUMENTS AND INSTRUMENTS TO THE PARTIES WHO DEPOSITED SAME, AND ALL TITLE AND ESCROW CANCELLATION CHARGES SHALL BE CHARGED TO SELLER. BUYER'S ENTITLEMENT TO DAMAGES IN THE AMOUNT OF THE DEPOSIT IS NOT INTENDED AS A PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO COMPENSATE BUYER FOR DAMAGES IT WILL SUSTAIN BY REASON OF SUCH DEFAULT BY SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. THE PARTIES AGREE AND ACKNOWLEDGE THAT THE AMOUNT OF BUYER'S ACTUAL DAMAGES AS A RESULT OF SELLER'S DEFAULT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO ASCERTAIN, AND THE AMOUNT PROVIDED FOR HEREIN IS A REASONABLE ESTIMATE OF SUCH DAMAGES. BY THEIR SIGNATURES BELOW, SELLER AND BUYER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.

(b) SUBJECT TO SECTION 11.12 (OTHER LIMITATIONS), NOTHING CONTAINED IN THIS SECTION 9.2 SHALL SERVE TO WAIVE OR OTHERWISE LIMIT (1) BUYER'S REMEDIES OR CLAIMS FOR DAMAGES WITH RESPECT TO ANY OBLIGATIONS OF SELLER THAT, BY THE EXPRESS TERMS OF THIS AGREEMENT, SURVIVE THE TERMINATION OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION SELLER'S CONFIDENTIALITY OBLIGATIONS UNDER SECTIONS 5.9, 9.2(d) AND 11.11, AND INDEMNIFICATION OBLIGATION UNDER SECTION 10.1 (SELLER'S BROKER) OR (2) BUYER'S RIGHTS TO OBTAIN FROM SELLER ALL COSTS AND EXPENSES OF ENFORCING THE LIQUIDATED DAMAGES CLAIM UNDER SECTION 9.2(a) ABOVE, INCLUDING ATTORNEYS' FEES AND COSTS PURSUANT TO SECTION 11.18 (DISPUTE RESOLUTION) BELOW.

(c) PURSUANT TO SECTION 9.2(a), BUYER MAY ELECT, IN THE ALTERNATIVE, TO SEEK SPECIFIC PERFORMANCE OF THIS AGREEMENT; PROVIDED THAT BUYER WAIVES IN WRITING ANY RIGHT IT MAY HAVE TO BRING AN ACTION FOR, OR ASSERT, ANY DAMAGES AGAINST SELLER FOR SUCH DEFAULT BY SELLER INCLUDING WITHOUT LIMITATION THE LIQUIDATED DAMAGES UNDER SECTION 9.2(a).

(d) THE PARTIES AGREE THAT BUYER WOULD SUFFER MATERIAL INJURY OR DAMAGE NOT COMPENSABLE BY THE PAYMENT OF MONEY IF SELLER WERE TO BREACH OR VIOLATE ITS CONFIDENTIALITY OBLIGATIONS UNDER SECTIONS 5.9 AND 11.11 OF THIS AGREEMENT. ACCORDINGLY, NOTWITHSTANDING THE PROVISIONS OF SECTION 9.2(a) ABOVE, IN ADDITION TO ALL OTHER REMEDIES THAT BUYER MAY HAVE, BUYER MAY BRING AN ACTION IN EQUITY OR OTHERWISE FOR SPECIFIC PERFORMANCE TO ENFORCE COMPLIANCE WITH SUCH SECTIONS, OR AN INJUNCTION TO ENJOIN THE CONTINUANCE OF ANY SUCH BREACH OR VIOLATION THEREOF. SELLER AGREES TO WAIVE ANY REQUIREMENT FOR A BOND IN CONNECTION WITH ANY SUCH INJUNCTIVE OR OTHER EQUITABLE RELIEF.

NOTHING CONTAINED IN SECTIONS 9.1 AND 9.2 SHALL SERVE TO WAIVE OR OTHERWISE LIMIT EACH PARTY'S RIGHTS TO OBTAIN FROM THE OTHER PARTY ATTORNEYS' FEES AND COSTS PURSUANT TO SECTION 11.18 (DISPUTE RESOLUTION) BELOW.

BY SIGNING BELOW, BUYER AND SELLER EACH ACKNOWLEDGE AGREEMENT TO THE FOREGOING PROVISIONS OF SECTION 9.1 and 9.2:

Buyer: PLEASANT CREEK GAS STORAGE HOLDINGS, LLC **Seller:** PACIFIC GAS AND ELECTRIC COMPANY

By: E-SIGNED by John F. Thrash
on 2023-03-28 20:54:16 GMT

John F. Thrash
Chief Executive Officer

By: E-SIGNED by Christine Cowser
on 2023-03-28 22:55:07 GMT

Christine Cowser
SVP, Gas Engineering

10. BROKERS.

10.1 Seller's Broker. Seller hereby represents and warrants to Buyer that Seller has incurred no obligation to any finder or real estate broker or salesperson with respect to this transaction other than to Bodington & Company ("Seller's Broker"), and in the event that any contrary claim is made, Seller shall indemnify, defend and hold Buyer harmless from and against any and all losses, costs, claims, damages, liabilities or causes of action (including attorneys' fees and costs) with respect to any such additional finder, broker or salesperson. Seller shall pay any commissions owed to Seller's Broker pursuant to a separate agreement. Buyer acknowledges and agrees that Seller's Broker represents the interests of Seller and not Buyer in the transaction contemplated hereunder. In the event that this transaction does not close for any reason, including a Default by Seller or Buyer, no finder's fee or real estate brokerage commission shall be payable to Seller's Broker. The representations, warranties and covenants of Seller contained in this Section 10.1 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

10.2 Buyer's Broker. Buyer hereby represents and warrants to Seller that Buyer has not incurred any obligation to any finder or real estate broker or salesperson with respect to this transaction, and in the event that any contrary claim is made, Buyer shall indemnify, defend and hold Seller harmless from and against any and all losses, costs, claims, damages, liabilities or causes of action (including attorneys' fees and costs) with respect to any such finder, broker or salesperson. The representations, warranties and covenants of Buyer contained in this Section 10.2 shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

11. MISCELLANEOUS.

11.1 Operation of the Assets Prior to the Close of Escrow. During the period from the Execution Date to the Close of Escrow, Seller (a) shall operate or otherwise maintain the Assets in accordance with its pre-existing practices and all applicable law, (b) shall not grant or permit any Encumbrance on any Assets other than Permitted Encumbrances, and (c) shall not transfer, assign, sell or otherwise dispose of any Assets. In addition, Seller agrees during such interim period not to enter into any lease, management agreement or maintenance or service contract, or to alter or amend any of the material terms of any such existing agreements that will be binding on Buyer, without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed. The parties acknowledge that, in connection with the parties' joint submission of the CalGEM Change of Operatorship Submission, CalGEM may identify a date of operation by Buyer that is a date prior to the Close of Escrow. Notwithstanding the identification of any such date by CalGEM, the parties agree that Seller shall continue to operate and maintain the Assets on an exclusive basis until the Close of Escrow.

11.2 Survival. The representations and warranties of Seller and Buyer contained in this Agreement shall survive the Close of Escrow as follows: (a) the representations and warranties in Sections 6.1(a), (b) and (f) and Sections 6.2(a) and (b) shall survive indefinitely; (b) the representations and warranties contained in Section 6.1(i) shall survive until ninety (90) days after expiration of the applicable statute of limitations; and (c) all other representations and warranties contained in this Agreement shall

survive for a period of twelve (12) months after the Close of Escrow and shall thereupon expire and be of no further force and effect; provided, however, that Buyer's representations and warranties set forth in Section 6.2(g) shall survive the Close of Escrow until all Claims within the scope of said Section are fully and finally barred by the applicable statute of limitations. Except with respect to Section 6.2(g), any claim for breach of any such representations and warranties must be made in writing within the applicable survival period or shall be waived; provided that, any such claim that is initiated within such applicable survival period may be pursued to completion by the claiming party. The waivers of claims or rights, the releases, and the obligations of the parties under this Agreement to indemnify, protect, defend and hold harmless shall survive the expiration or earlier termination of this Agreement or the Close of Escrow, and so shall all other obligations or agreements of Seller and Buyer which by their nature or by their terms survive, including the obligations set forth in Sections 5.10 (Decommissioning Obligations) and 5.11 (Decommissioning Security) of this Agreement. Except as otherwise expressly set forth in this Agreement, each Party's covenants and agreements contained in this Agreement that are contemplated to be fulfilled or performed prior to the occurrence of the Close of Escrow shall survive the Close of Escrow for a period of twelve (12) months following the Close of Escrow.

11.3 Time of Essence. Time is of the essence of this Agreement and each and every provision hereof.

11.4 Submission of Agreement. Submission of this document for examination or signature by Buyer does not constitute an option or offer to sell the Assets to Buyer. This document is not effective as a sale agreement or otherwise until and unless executed and delivered by both Seller and Buyer.

11.5 Binding Effect; Assignment. This Agreement shall be binding upon, and shall inure to the benefit of, the heirs, successors and assigns of the parties hereto. Notwithstanding the foregoing, neither party shall have the right to assign its rights and obligations under this Agreement unless (a) such party has obtained the prior written consent of the other party to such assignment, which consent shall not be unreasonably withheld, conditioned or delayed, (b) the assigning party is not in Default of any of its obligations under this Agreement, (c) the non-assigning party has approved the form of assignment, which approval shall not be unreasonably withheld, conditioned or delayed, (d) the assignee has expressly assumed all of the obligations of the assigning party under this Agreement, (e) the assigning party has furnished the other party with evidence acceptable to such other party in its sole discretion that the proposed assignee possesses the financial ability to perform the assigning party's obligations contemplated by this Agreement, and (f) the assigning party continues to be primarily liable under this Agreement; provided, however, that a party may freely assign its rights and obligations under this Agreement to any parent company, subsidiary or Affiliate of such party, or, in the case of assignment by Buyer, to any partnership or other entity to be formed by Buyer for the purpose of acquiring the Assets, provided further that in each case the assigning party shall not be released of its obligations under this Agreement.

11.6 Severability. If any provision of this Agreement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Agreement and to this end the provisions of this Agreement are intended to be and shall be severable; provided, however, if such unenforceability or invalidity alters the substance of this Agreement (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Agreement by Notice to the other party within thirty (30) days after the final determination.

11.7 Governing Laws. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

11.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.9 Notices. As used in this Agreement, "Notice" shall mean a written communication as described and made in accordance with this Section 11.9. All Notices, requests, demands and other communications under this Agreement must be in writing, properly addressed as follows, and delivered by

electronic mail to the other party with confirmation of receipt and shall be deemed effective upon receipt. Either party may, from time to time, change the individual who receives Notices hereunder or its e-mail address by giving the other party Notice of the change in accordance with this Section 11.9, but no such change is effective until it is actually received by the party sought to be charged with its contents:

To Seller:

Pacific Gas and Electric Company

Attention: Kenneth Brennan, Strategy
Program Development, Principal

Gas Strategy Execution and System
Planning

Email: Kenneth.Brennan@pge.com

To Buyer:

eCORP Storage LLC

Attention: John F. Thrash

Email: jfthrash@ecorpusa.com

With a copy to:

PG&E Land Management

E-mail: evan.stewart@pge.com

Attention: Evan Stewart, Principal Land
Agent

11.10 CalGEM Submissions and Cooperation.

(a) No later than the Closing Date, Buyer shall complete and submit to CalGEM the applicable forms, documentation, and other information requested by CalGEM in order to (i) designate Buyer's California-based agent pursuant to Section 3200 of the California Public Resources Code, (ii) establish Buyer's WellSTAR access, and (iii) satisfy Buyer's applicable bonding obligations with CalGEM.

(b) No later than the Closing Date, the parties shall submit to CalGEM the CalGEM Change of Operatorship Form as jointly completed and executed by the parties to notice the transfer of operatorship of the applicable Assets as identified therein. The date of acquisition in such form shall be described as the closing of the parties' escrow for the sale. Buyer and Seller acknowledge and agree that the parties shall cooperate in good faith with one another to submit in a timely manner any additional documentation or information as may be requested by CalGEM with respect to such transfer of operatorship from Seller to Buyer.

(c) In addition to their respective obligations in subsections (a) and (b) above of this Section 11.10, Buyer and Seller acknowledge and agree that, during the period beginning on the Execution Date and ending on the earlier to occur of (a) the Closing Date and (b) the termination of this Agreement in accordance with its terms, the parties shall cooperate in good faith with one another with respect to (i) all communications and interactions by either party (or both parties) with CalGEM (and its representatives) with respect to the Assets and/or the Facility (including, for purposes of clarity, each party's participation in any meetings or discussions with CalGEM or any of its representatives) and (ii) subject to the exception below, the preparation and filing of notices, reports or other documents that are required, or otherwise reasonably requested by either party, to be filed with CalGEM with respect to the Assets and/or the Facility (and, for purposes of clarity, neither party shall file or deliver any such notice, report or other document to CalGEM with respect to the Assets and/or the Facility without the prior approval or consent of the other party (such approval and/or consent not to be unreasonably withheld, conditioned or delayed);

provided that, Seller shall not be required to notify Buyer or obtain any approval or consent of Buyer with respect to Seller's preparation, filing, and/or delivery of any such notice, report or other document that is routine in nature including without limitation any monthly production report, quarterly water report, well log submission, or pressure test submission.

11.11 Confidentiality; No Recorded Memorandum; No Publicity. The parties' respective confidentiality obligations in this Agreement shall survive the expiration or earlier termination of this Agreement or the Close of Escrow.

(a) Except to the extent required by law, and except to the extent requested by any governmental or quasi-governmental authority (including the Federal Energy Regulatory Commission), neither party shall disclose the terms of this Agreement to any third party without the prior written consent of the other party. It is understood that the confidentiality of the terms hereof is critical to preserve the financial integrity of the Assets. Buyer shall not record this Agreement or any short form memorandum of this Agreement.

(b) The parties agree to coordinate all communication relating to the transactions contemplated hereby. No party shall issue any news releases, respond to any media inquiries, or otherwise make any statements, even in an "off the record" conversation, regarding these transactions without the prior approval of the other party. This prohibition includes making posts on internet and intranet site(s). All communication by a party about these transactions, both verbal and in writing, must be approved in advance in writing by the other party.

(c) For purposes of this Agreement, it shall not be a breach or Default of the confidentiality provisions of this Agreement if any documents, information or material is or becomes publicly available without breach of this Agreement by a party; or is rightfully received by a party from a third party without obligations of confidentiality.

11.12 Other Limitations. Each party expressly agrees that the obligations and liabilities of the other party under this Agreement and any document referenced herein shall not constitute personal obligations of the officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals and representatives of such other party. A party's liability, if any, arising in connection with this Agreement or with the Assets shall not extend to any other property or assets of such party. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, EXCEPT IN THE CASE OF FRAUD, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND, UNLESS SUCH DAMAGES ARISE OUT OF CLAIMS BY THIRD PARTIES. The limitations of liability contained in this Section shall apply equally and inure to the benefit of each party's present and future officers, directors, employees, agents, affiliates, members, representatives, stockholders or other principals and representatives, and their respective heirs, successors and assigns.

11.13 Required Actions of Buyer and Seller. Buyer and Seller agree to take such reasonable actions, including acknowledging, delivering or executing instruments and documents, as may be required to effectuate the purposes of this Agreement or to close the sale, transfer and conveyance of the Assets as contemplated herein.

11.14 Exclusivity. Except with respect to this Agreement and the transactions contemplated hereby, Seller shall not, and shall cause its Affiliates and its and their respective representatives (including any investment banking, legal or accounting firm retained by any of the foregoing) not to, directly or indirectly: (a) initiate, solicit or seek any inquiries or the making or implementation of any proposal or offer with respect to a merger, acquisition, consolidation, recapitalization, liquidation, dissolution, equity investment or other transaction involving the Assets (any such proposal or offer being hereinafter referred to as a "Proposal"); (b) engage in any negotiations with, or provide any confidential information or data to, or have any substantive discussions with, any person relating to a Proposal; (c) otherwise cooperate in any effort or attempt to make, implement or accept a Proposal; or (d) enter into a contract with any person relating to a Proposal.

11.15 [RESERVED].

11.16 Captions. Captions to the paragraphs and sections in this Agreement are included for convenience only and do not modify any of the terms of this Agreement.

11.17 Interpretation. This Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The captions in this Agreement are for convenience of reference only and shall not be used to define or interpret any provision hereof. Unless the context clearly requires otherwise, (i) the plural and singular shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (iv) "and/or" means either or both of the persons, items or circumstances referenced; (v) "include," "includes," and "including" are not intended to be restrictive, and lists following such words shall not be interpreted to be exhaustive or limited to items of the same type as those enumerated; (vi) "days" means calendar days; and (vii) "business days" means a day other than Saturday, Sunday or a day on which banks are legally closed for business in the State of California.

11.18 Dispute Resolution.

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement is the dispute resolution procedure set forth in this Section 11.18. Either party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both parties nonetheless shall continue to pursue resolution of the dispute by means of this procedure.

(b) Management Negotiations.

(i) The parties shall attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement by prompt negotiations between each party's authorized representative for purposes of dispute resolution as designated in writing (each, a "Manager"). Either Manager may request a meeting (in person or telephonically) to initiate negotiations to be held within ten (10) business days of the other party's receipt of such request, at a mutually agreed time and place. If the matter is not resolved within fifteen (15) business days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies ("Executive(s)"), who shall have authority to settle the dispute. Within five (5) business days of the Initial Negotiation End Date ("Referral Date"), each party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the party.

(ii) Within five (5) business days of the Referral Date the Executives shall establish a mutually acceptable location (which may include telephone or video conference) and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute.

(iii) All communication and writing exchanged between the parties in connection with these negotiations shall be confidential and considered "compromise negotiations" for purposes of federal rule of evidence 408, and any other applicable law governing the admissibility of settlement offers, and shall not be used or referred to in any subsequent binding adjudicatory process between the parties.

(iv) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the party receiving the written request to meet, pursuant to Section 11.18(b)(i) above, refuses or does not meet within the ten (10) business day period specified in Section

11.18(b)(i) above, either party may initiate mediation of the controversy or claim according to the terms of the following Section 11.18(c).

(c) Mediation and Arbitration. If the dispute cannot be so resolved by negotiation as set forth in Section 11.18(b), it shall be resolved at the request of either party through a two-step dispute resolution process administered by JAMS. As the first step the parties agree to mediate any controversy before a mediator from the JAMS panel, pursuant to JAMS's commercial mediation rules, in San Francisco, California. Either party may begin mediation by serving a written demand for mediation. The mediator shall not have the authority to require, and neither party may be compelled to engage in, any form of discovery prior to or in connection with the mediation. If within sixty (60) days after service of a written demand for mediation, the mediation does not result in resolution of the dispute, then the controversy shall be settled by arbitration conducted by a retired judge or justice from the JAMS panel conducted in San Francisco, California, administered by and in accordance with JAMS's Commercial Arbitration Rules ("Arbitration"). The period commencing from the date of the written demand for mediation until the appointment of a mediator shall be included within the sixty (60) day mediation period. Any mediator(s) and arbitrator(s) shall have no affiliation with, financial or other interest in, or prior employment with either party and shall be knowledgeable in the field of the dispute. Either party may initiate arbitration by filing with the JAMS a Notice of intent to arbitrate within sixty (60) days of service of the written demand for mediation.

(d) Arbitration Procedures. At the request of a party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three per party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the parties to exchange relevant documents. The arbitrator shall also have discretion to order the parties to answer interrogatories, upon good cause shown.

(i) Each of the parties shall submit to the arbitrator, in accordance with a schedule set by the arbitrator, offers in the form of the award it considers the arbitrator should make. If the arbitrator requires the parties to submit more than one such offer, the arbitrator shall designate a deadline by which time the parties shall submit their last and best offer. In such proceedings the arbitrator shall be limited to awarding only one of the two "last and best" offers submitted, and shall not determine an alternative or compromise remedy.

(ii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other damages contemplated by this Agreement.

(iii) The arbitrator's award shall be made within nine (9) months of the filing of the Notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary. The California Superior Court of the City and County of San Francisco may enter judgment upon any award rendered by the arbitrator. The parties are aware of the decision in *Advanced Micro Devices, Inc. v. Intel Corp.*, 9 Cal. 4th 362 (1994), and, except as modified by this Agreement, intend to limit the power of the arbitrator to that of a Superior Court judge enforcing California law. The prevailing party in this dispute resolution process is entitled to recover its costs and reasonable attorneys' fees.

(iv) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before him or her.

(v) Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

11.19 Exhibits. The following Exhibits are attached hereto and incorporated by reference into this Agreement:

Exhibit A: Deed (Subsurface Rights)

Exhibit B: Grant Deed (Real Property Fee Interests)

Exhibit C: Bill of Sale (with attached Schedule I for Tangible Property)

Exhibit D: Assignment and Assumption Agreement (with attached Schedule I for Permits)

Exhibit E: Performance Bond

Exhibit F: Land Use Covenant

Exhibit G: Environmental Reports, Disclosures and Other Documents

Exhibit H: Seller's Representatives

Exhibit I: Decommissioning Obligations

Exhibit J: Decommissioning Completion Certificate

11.20 Access to Records: Electronic Delivery of Records. Notwithstanding anything to the contrary in the NDA, as of the Closing Date, the parties agree that (a) Seller shall have the right to retain all originals and any copies of all Records for its own purposes, and (b) Buyer shall use commercially reasonable efforts to anonymize any personal information included in the Records as such personal information is defined in California Civil Code section 1798.140(o) in compliance with the California Consumer Privacy Act. For a period of two (2) years after the Closing Date, Seller shall (and shall cause its Affiliates to) maintain those books and records of Seller and its Affiliates (including, for purposes of clarity, any originals or copies of the Records retained by Seller pursuant to this Section 11.20) to the extent relating to the ownership, operation, use, administration, or maintenance of the Subsurface Rights, Real Property Fee Interests, Tangible Property or Permits that were not transferred to Buyer as of the Closing Date (or otherwise transferred to Buyer following the Closing Date pursuant to Section 1.1(e)) and allow Buyer and its authorized representatives reasonable access to such materials upon prior Notice and during normal working hours. Buyer shall have the right, at its own expense, to make copies of such materials. Notwithstanding anything to the contrary in this Agreement, the parties each acknowledge and agree that for a period of two (2) years after the Closing Date, Buyer shall have the right to deliver Notice to Seller if Buyer reasonably determines that any Record was not previously delivered to Buyer by Seller pursuant to this Agreement and Buyer reasonably believes that Seller may have such Record in its possession or control. After receipt of any such Notice, Seller shall use it commercially reasonable efforts to promptly locate any Record identified in such Notice and thereafter promptly provide an electronic copy of any such Record to Buyer (if, and to the extent, any such Record is in Seller's possession or control). Notwithstanding anything to the contrary in this Agreement, Buyer and Seller acknowledge and agree that Seller shall deliver any and all Records to Buyer in accordance with this Agreement electronically (if, and to the extent, any such Records may be delivered to Buyer electronically).

11.21 Electronic Signatures. This Agreement may be executed by electronic signatures (such as DocuSign or e-SignLive) or signatures transmitted in portable document format ("pdf"), and copies of this Agreement executed and delivered by means of electronic or pdf signatures shall have the same

force and effect as copies hereof executed and delivered with manually executed original signatures. The parties may rely upon electronic and pdf signatures as if such signatures were manually executed originals and agree that an electronic or pdf signature page may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original manually executed signature page.

11.22 Entire Agreement; Amendment. This Agreement and the exhibits hereto contain the entire understanding of the parties relating to the subject matter hereof and shall supersede any prior written or oral agreements or communications between the parties pertaining to such subject matter. Seller's or Buyer's obligations under this Agreement may not be altered or amended in any respect, except by a writing executed by both Buyer and Seller.

IN WITNESS WHEREOF, the parties have duly executed this Agreement by their authorized representatives as of the respective dates set forth below.

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

E-SIGNED by Christine Cowser
By: on 2023-03-28 22:55:14 GMT

Name: Christine Cowser

Its: SVP, Gas Engineering

Date: March 28, 2023

BUYER:

PLEASANT CREEK GAS STORAGE HOLDINGS, LLC,
a Delaware limited liability company

E-SIGNED by John F. Thrash
By: on 2023-03-28 20:54:21 GMT

Name: John F. Thrash

Its: Chief Executive Officer

Date: March 28, 2023

RECORDING REQUESTED BY AND RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Attn: Land Rights Library

Location: City/Uninc _____

Recording Fee \$ _____

Document Transfer Tax \$ _____

☐ This is a conveyance where the consideration and
 Value is less than \$100.00 (R&T 11911).

☐ Computed on Full Value of Property Conveyed, or

☐ Computed on Full Value Less Liens
 & Encumbrances Remaining at Time of Sale

☐ Exempt from the fee per GC 27388.1 (a) (2); This
 document is subject to Documentary Transfer Tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

Signature of declarant or agent determining tax _____

LD# (To be Inserted)

DEED

Pleasant Creek Gas Storage Disposition

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("Grantor"), in consideration of value paid by PLEASANT CREEK GAS STORAGE HOLDINGS, LLC, a Delaware limited liability company ("Grantee"), the receipt of which is hereby acknowledged, hereby grants, assigns, transfers and conveys to Grantee all of Grantor's rights, title and interest in and to those certain subsurface interests described in the deeds set forth in Exhibit "A" attached hereto and made a part hereof, all of which are situated in the County of Yolo, State of California.

(APN: 030-030-044, 030-030-065, 030-030-038, 030-030-076, 030-180-013, 030-180-017, 030-180-003, 030-180-002, 030-180-028, 030-180-029, 030-180-030, 030-180-031, 030-180-032, 030-190-017, 030-070-063, 030-070-059, 030-070-064, 030-070-062, 030-070-056, 030-070-050, 030-330-005, 030-190-099, 030-190-005, 030-190-024, 030-190-028, 030-190-029, 030-190-009, 030-190-026, 030-190-027, 030-190-012, 030-200-002, portion of 030-030-045, 030-030-031, 030-180-001, 030-180-024, 030-070-031, 030-070-057, 030-070-055, 030-330-007, 030-330-008, 030-190-020)

The rights hereby conveyed are no longer necessary or useful to Grantor in the performance by it of its duties to the public.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the land.

MAIL TAX STATEMENTS TO:

Name _____

Address _____

Zip _____

IN WITNESS WHEREOF, Grantor and Grantee have executed this Deed as set forth below.

Dated _____, 20____.

Grantor:

PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation

By: _____
(TO BE INSERTED)

Name: _____
(TO BE INSERTED)

Its: _____
(TO BE INSERTED)

Grantee:

PLEASANT CREEK GAS STORAGE
HOLDINGS, LLC, a Delaware limited
liability company

By: _____
(TO BE INSERTED)

Name: _____
(TO BE INSERTED)

Its: _____
(TO BE INSERTED)

Exhibit "A"

(APN: 030-030-044, portion 030-030-045)

1. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated October 19, 1956, and recorded November 5, 1956 in Volume 498 of Official Records at Page 400, Yolo County Records. (LD# 2408-01-0321)

(APN: 030-030-065, 030-030-038)

2. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated August 23, 1956, and recorded August 24, 1956 in Volume 493 of Official Records at Page 306, Yolo County Records. (LD# 2408-01-0320)

(APN: 030-030-076, 030-180-013, 030-180-017, portion 030-030-031)

3. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated April 11, 1956, and recorded July 30, 1956 in Volume 491 Official Records at Page 163, Yolo County Records; excepting therefrom the rights, title and interest acquired in Part 1. (LD# 2408-01-0318)

(APN: 030-180-003, portion 030-180-001)

4. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated April 10, 1956, and recorded May 18, 1956 in Volume 485 of Official Records at Page 538, Yolo County Records. (LD# 2408-01-0314)

(APN: 030-180-002)

5. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated January 6, 1956, and recorded February 9, 1956 in Volume 476 of Official Records at Page 459, Yolo County Records. (LD# 2408-01-0304)

(APN: 030-180-002)

6. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated April 11, 1956, and recorded April 25, 1956 in Volume 483 of Official Records at Page 388, Yolo County Records. (LD# 2408-01-0312)

(APN: 030-180-003)

7. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated January 13, 1956, and recorded March 12, 1956 in Volume 479 of Official Records at Page 242, Yolo County Records. (LD# 2408-01-0311)

(APN: portion 030-180-024)

8. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated July 17, 1958, and recorded September 11, 1958 in Volume 550 of Official Records at Page 598, Yolo County Records. (LD# 2408-01-0335)

(APN: 030-180-028, 030-180-029, 030-180-030, 030-180-031, 030-180-032, 030-190-017)

9. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated March 4, 1957, and recorded August 20, 1957 in Volume 521 of Official Records at Page 10, Yolo County Records. (LD# 2408-01-0326)

(APN: 030-070-063, 030-070-059, 030-070-064, 030-070-062, 030-070-056, 030-070-050, 030-330-005, portion 030-070-057, portion 030-070-057, portion 030-070-031, portion 030-070-055, portion 030-330-007, portion 030-330-008)

10. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated April 10, 1956, and recorded July 16, 1956 in Volume 490 of Official Records at Page 191, Yolo County Records. (LD# 2408-01-0317)

(APN: 030-190-099, 030-190-005, 030-190-024, portion 030-190-020)

11. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated November 6, 1957, and recorded November 26, 1957 in Volume 527 of Official Records at Page 532, Yolo County Records; excepting therefrom the rights, title and interest acquired in Part 1. (LD# 2408-01-0329)

(APN: 030-190-005, 030-190-099, portion 030-190-020, portion 030-190-024)

12. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated March 13, 1956, and recorded August 16, 1957 in Volume 520 of Official Records at Page 519, Yolo County Records. (LD# 2408-01-0462)

(APN: 030-190-028, 030-190-029, 030-190-009, 030-190-026, 030-190-027, 030-190-012, 030-200-002, portion 030-190-020, portion 030-190-024)

13. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated March 9, 1957, and recorded March 27, 1957 in Volume 509 of Official Records at Page 446, Yolo County Records. (LD# 2408-01-0465)

(APN: 030-030-076)

14. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated November 1, 1973 and recorded November 26, 1973 in Volume 1084 of Official Records at Page 186, Yolo County Records. (LD# 2408-01-0594)

(APN: 030-030-038, 030-030-099, 030-030-076)

15. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated October 28, 1950 and recorded November 20, 1950 in Volume 333 of Official Records at Page 190, Yolo County Records, lying westerly of the westerly boundary line of the strip of land described in the deed from Clemence S. Graf and others to Pacific Gas and Electric Company dated November 21, 1960 and recorded in Book 641 of Official Records at Page 354, Yolo County Records. (LD# 2408-01-0230)

(APN: 030-180-028, 030-030-099)

16. All rights, title and interest conveyed to Pacific Gas and Electric Company in that certain deed dated November 17, 1951 and recorded December 11, 1951 in Volume 355 of Official Records at Page 488, Yolo County Records. (LD# 2408-01-0232)

Attach to LD: (To be Inserted)

Land Service Office: Oakland

Line of Business: Gas Transmission (52)

Business Doc Type: Conveyances Out

MTRSQ: 24.08.01.05.34, 24.08.01.05.31, 24.08.01.05.24, 24.08.01.05.21, 24.08.01.05.33, 24.08.01.05.32, 24.08.01.05.23, 24.08.01.05.22, 24.08.01.08.44, 24.08.01.08.41, 24.08.01.08.14, 24.08.01.08.11, 24.08.01.08.43, 24.08.01.08.42, 24.08.01.08.13, 24.08.01.08.12, 24.08.01.08.24, 24.08.01.08.21, 24.08.01.08.23, 24.08.01.08.22, 24.08.01.07.11, 24.08.01.07.12, 24.08.01.07.24, 24.08.01.07.21, 24.08.01.07.23, 24.08.01.07.22, 24.08.01.16.14, 24.08.01.16.11, 24.08.01.16.13, 24.08.01.16.12, 24.08.01.16.24, 24.08.01.16.21, 24.08.01.16.23, 24.08.01.16.22, 24.08.01.17.14, 24.08.01.17.11, 24.08.01.17.13, 24.08.01.17.12, 24.08.01.17.34, 24.08.01.17.31, 24.08.01.17.24, 24.08.01.17.21, 24.08.01.17.33, 24.08.01.17.32, 24.08.01.17.23, 24.08.01.17.22, 24.08.01.20.41, 24.08.01.20.14, 24.08.01.20.11, 24.08.01.20.42, 24.08.01.20.13, 24.08.01.20.12, 24.08.01.20.34, 24.08.01.20.31, 24.08.01.20.24, 24.08.01.19.14, 24.08.01.19.11, 24.08.01.19.13, 24.08.01.19.12, 24.08.01.19.24, 24.08.01.19.21,

FERC License Number: N/A

PG&E Drawing Number: N/A

Plat No.: M11

LD of Affected Documents: 2408-01-0321, 2408-01-0320, 2408-01-0318, 2408-01-0314, 2408-01-0304, 2408-01-0312, 2408-01-0311, 2408-01-0335, 2408-01-0326, 2408-01-0317, 2408-01-0329, 2408-01-0462, 2408-01-0465, 2408-01-0594, 2408-01-0230, 2408-01-0232

LD of Cross Referenced Documents: None

Type of interest: Quitclaims from PGE (11Q), Conveyances Out (11)

SBE Parcel: 135-57-22B-1, 135-57-22E-2, 135-57-22E-1, 135-57-22B-4, 135-57-22B-3, 135-57-22C-1, 135-57-22E-3, 135-57-22E-4, 135-57-22B-7, 135-57-22E-6, 135-57-22E-5, 135-57-22B-12, 135-57-22B-13, 135-57-22B-6

% Being Quitclaimed: N/A

Order or PM: 8192779

JCN: N/A

County: Yolo

Utility Notice Number: N/A

851 Approval Application No: TBD ;Decision: TBD

Prepared By: ERSE

Checked By: N/A

Exhibit B

Grant Deed Out (REV. 10/18)

Form of Grant Deed

RECORDING REQUESTED BY AND RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Attn: Land Rights Library

Location: City/Uninc _____

Recording Fee \$ _____

Document Transfer Tax \$ _____

☐ This is a conveyance where the consideration and
 Value is less than \$100.00 (R&T 11911).

☐ Computed on Full Value of Property Conveyed, or

☐ Computed on Full Value Less Liens
 & Encumbrances Remaining at Time of Sale

☐ Exempt from the fee per GC 27388.1 (a) (2); This
 document is subject to Documentary Transfer Tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

Signature of declarant or agent determining tax _____

LD# (To be Inserted)

GRANT DEED

Pleasant Creek Gas Storage Disposition

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("Grantor"), in consideration of value given by PLEASANT CREEK GAS STORAGE HOLDINGS, LLC, a Delaware limited liability company ("Grantee"), the receipt of which is hereby acknowledged, grants to Grantee the real property, situated in the County of Yolo, State of California, and described as follows:

(APN: 030-030-099; 030-190-099)

The parcels of land described in Exhibit "A" attached hereto and made a part hereof (collectively, the "Property").

Reserving to Grantor an easement and the right to excavate for, construct, reconstruct, replace (of initial or any other size), remove, maintain, inspect, and use existing and additional facilities and associated equipment for public utility purposes, including, but not limited to electric and communication facilities (collectively the "Facilities"); together with a right of way, on, over, and under the easement area described as follows:

The strips of land described and designated STRIP 1, 2, 3, 4, 5 and 6 in Exhibit "B" and shown upon Exhibit "C" attached hereto and made a part hereof, and the strips of land described and designated STRIP 1, 2 and 3 in Exhibit "B-1" and shown upon Exhibit "C-1" attached hereto and made a part hereof (collectively, the "Easement Area").

Further reserving to Grantor:

- 1 -

MAIL TAX STATEMENTS TO:

Name _____

Address _____

Zip _____

(a) the right of ingress to and egress from the Easement Area over and across the Property by means of roads and lanes thereon, if such there be, otherwise by such route or routes as shall occasion the least practicable damage and inconvenience to Grantee, provided, that such right of ingress and egress shall not extend to any portion of the Property which is isolated from the Easement Area by any public road or highway, now crossing or hereafter crossing the Property;

(b) the right, from time to time, to trim or to cut down, without Grantor paying compensation, any and all trees and brush now or hereafter within the Easement Area, and the further right, from time to time, to trim and cut down trees and brush along each side of the Easement Area which now or hereafter in the opinion of Grantor may interfere with or be a hazard to any of the Facilities, or as Grantor deems necessary to comply with applicable state or federal regulations;

(c) the right to use such portion of the Property contiguous to the Easement Area as may be reasonably necessary in connection with the excavation, construction, reconstruction, replacement, removal, maintenance, and inspection of the Facilities;

(d) the right to install, maintain and use gates in all fences which now cross or shall hereafter cross the Easement Area; and

(e) the right to mark the location of the Easement Area by suitable markers set in the ground; provided that said markers shall be placed in fences or other locations which will not interfere with any reasonable use Grantee shall make of the Easement Area.

Grantee reserves the right to use the Easement Area for purposes which will not interfere with Grantor's full enjoyment of the rights hereby reserved; provided, Grantee shall not:

(a) place or construct, nor allow a third party to place or construct, any building or other structure, or store flammable substances, or drill or operate any well, or construct any reservoir or other obstruction within the Easement Area, or diminish or substantially add to the ground level within the Easement Area, or construct any fences that will interfere with the maintenance and operation of the Facilities;

(b) deposit, or allow to be deposited, earth, rubbish, debris or any other substance or material, whether combustible or noncombustible, within the Easement Area, which now or hereafter in the opinion of Grantor may interfere with or be a hazard to the Facilities installed hereunder; and

(c) plant any trees, brush, vines, and other vegetation within the Easement Area, provided, Grantee may plant and maintain ground covers, grasses, flowers, crops, and low-growing plants that grow unsupported to a maximum of four (4) feet in height at maturity within the Easement Area.

The conveyance by Grantor to Grantee pursuant to this Grant Deed ("Deed") is subject to:

(a) that certain Covenant and Environmental Restriction on the Property recorded contemporaneously and immediately prior to this Deed in the Official Records of the County of

Yolo (the "Covenant"). The Covenant requires that the following statement be included in all deeds conveying any portion of the Property: "Pursuant to California Civil Code Section 1471, in order to protect human health and safety and the environment, the property described in this deed is subject to a use limitation based on past environmental contamination of the property. To protect human health and safety, the property is subject to a covenant that runs with the land, which restricts the use of the property. Pacific Gas and Electric Company is the beneficiary of this covenant and restriction. Notwithstanding any failure to include such statement in any deed, easement, lease, sublease, or license, such covenant and restriction shall be binding on each successive owner or holder of a possessory interest in the property and shall run with the land. This statement is not a declaration that a hazard exists at the property."

(b) a lien securing payment of non-delinquent real estate taxes and assessments; and

(c) any exceptions to title disclosed by public records.

The Property hereby conveyed is no longer necessary or useful to Grantor in the performance by it of its duties to the public.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto, and all covenants shall apply to and run with the Property.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Deed as set forth below.

Dated _____, 20____.

Grantor:

PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation

By: _____
(TO BE INSERTED)

Name: _____
(TO BE INSERTED)

Its: _____
(TO BE INSERTED)

Grantee:

PLEASANT CREEK GAS STORAGE
HOLDINGS, LLC, a Delaware limited
liability company

By: _____
(TO BE INSERTED)

Name: _____
(TO BE INSERTED)

Its: _____
(TO BE INSERTED)

Exhibit "A"

The Property

(APN: 030-030-099)

(LD# 2408-01-0318)

1. The real property conveyed to Pacific Gas and Electric Company and described in Part 1 in that certain deed dated April 11, 1956, and recorded July 30, 1956 in Volume 491 of Official Records at Page 163, Yolo County Records and more specifically described as follows:

"The SW $\frac{1}{4}$ of Section 8 and the NW $\frac{1}{4}$ of Section 17, T. 8 N., R. 1 W., M. D. B. & M.

Excepting therefrom and reserving to Grantors, for the benefit of the adjacent lands now owned by Grantors, a right of way on and over a strip of land forty (40) feet in width at such location on and over said real property as may be agreed upon by Grantors and Grantee, together with the right to surface the same and construct thereon or install therein pipes and ditches for conveying water to or from said adjacent lands of Grantors."

(APN: 030-190-099)

(LD# 2408-01-0329)

2. The real property conveyed to Pacific Gas and Electric Company and described in Part 1 in that certain deed dated November 6, 1957, and recorded November 26, 1957 in Volume 527 of Official Records at Page 532, Yolo County Records and more specifically described as follows:

"That certain parcel of land bounded by a line which begins at the northwest corner of the NW $\frac{1}{4}$ of Section 20, T. 8 N., R. 1 W., M. D. B. & M., and runs thence southerly along the westerly boundary line of said Section 20, to the southwest corner of Lot 12, as said Lot 12 is shown upon the map of Waughtel's Subdivision filed for record in the office of the County Recorder of Yolo County, State of California, in Book 1 of Maps at page 55; thence easterly, along the southerly boundary line of said Lot 12 to the southeast corner thereof; thence northerly, along the easterly boundary line of said Lot 12, along the easterly boundary line of Lot 5, as said Lot 5 is shown upon said map of Waughtel's Subdivision, and along the northerly prolongation of the easterly boundary line of said Lot 5 to the northerly boundary line of Lot 4, as said Lot 4 is shown upon said map of Waughtel's Subdivision; thence westerly, along the northerly boundary line of said Lot 4, to the point of beginning. RESERVING unto Grantors, however, the right to use, operate, maintain and repair the presently existing water-well, located on the northeast portion of the property hereinabove described, and all attachments and appurtenances thereto, for the sole purpose of irrigating agricultural crops, watering livestock and for other farm uses on

adjacent lands present owned by Grantors and to remove at any time any pump, well housing and casing and other equipment used with said well which shall remain the property of grantors; TOGETHER WITH the right of ingress and egress between said adjacent lands and said water-well, the right to install, construct and maintain necessary ditches and underground pipes to carry the water from said water-well onto said adjacent lands, all within the nearest and closest straight line routes that are reasonably available under ordinary farm practices and that do not conflict or interfere with the use being made of said property by Grantee. Said water-well shall not be drilled or deepened to a depth greater than 500 feet, measured from the natural surface of the ground; FURTHER RESERVING unto Grantors, however, the perpetual right to receive as a royalty one-sixteenth (1/16) of the oil, gas, asphaltum and other hydrocarbons and minerals which may be produced from sands, strata, formations and horizons in and underlying the said real property below a depth of 4,000 feet below the natural surface thereof, or any allocation of production thereto in the event of the unitization thereof with other lands, provided however that Grantor shall bear a like share of any taxes which may be levied or assessed, based upon, resulting from or attributable to the discovery or production of any of such substances from said real property, and provided further that Grantee shall be under no obligation, express or implied, in any event, to drill for, produce, save or sell any of such minerals from said real property.”

EXHIBIT "B"

The parcels of land situate in the County of Yolo, State of California, described as follows:

LANDS

(S.B.E. 135-57-022B-5)

The parcel of land conveyed by John Graf and others to Pacific Gas and Electric Company by deed dated April 11, 1956 and recorded in Volume 491 of Official Records at page 163, Yolo County Records, more particularly described as follows:

"The SW1/4 of Section 8 and the NW1/4 of Section 17, T. 8 N., R. 1 W., M. D. B. & M."

STRIP 1

A strip of land of the uniform width of 30 feet extending southerly from the northerly boundary line of the southwest quarter of said Section 8, and lying 15 feet on each side of the line described as follows:

Commencing at the found 5/8 inch rebar and cap stamped "LS 8779" as shown upon the Record of Survey filed for record October 15, 2020 in Book 2020 of Maps at page 54, Yolo County Records, accepted as marking the west quarter corner of said Section 8 and running easterly along said northerly boundary line

(a) north 89° 55' 13" east 874.95 feet
to the TRUE POINT OF BEGINNING of said line; thence leaving said northerly boundary line

(1) south 00°23'25" west 2651.55 feet
to a point herein for convenience called POINT "A"; thence continuing

(2) south 00°23'25" west 523.84 feet
to a point within the boundary lines of said lands.

As shown upon EXHIBIT "C" attached hereto and made a part hereof.

STRIP 2

A strip of land of the uniform width of 30 feet extending easterly from the easterly boundary line of the strip of land hereinbefore described and designated STRIP 1, and lying 15 feet on each side of the line described as follows:

Beginning at said POINT "A" and running
(1) north 89° 50' 33" east 956.00 feet
to a point herein for convenience called POINT "B"; thence
(2) north 03° 03' 18" east 48.47 feet
to a point within the boundary lines of said lands; excepting therefrom the portion thereof that
lies within the boundary lines of said STRIP 1.

As shown upon said EXHIBIT "C".

STRIP 3

A strip of land of the uniform width of 10 feet extending easterly from the easterly boundary
line of the strip of land hereinbefore described and designated STRIP 2, and lying 5 feet on each
side of the line described as follows:

Beginning at said POINT "B" and running
(1) north 89° 50' 33" east 29.02 feet
to a point within the boundary lines of said lands; excepting therefrom the portion thereof that
lies within the boundary lines of said STRIP 2.

As shown upon said EXHIBIT "C".

STRIP 4

A strip of land of the uniform width of 30 feet extending from the westerly boundary
line of the strip of land hereinbefore described and designated STRIP 1 and westerly and
southerly to the westerly boundary line of said lands, also being the westerly boundary line of
the northwest quarter of said Section 17, and lying 15 feet on each side of the line described as
follows:

Beginning at said POINT "A" and running
(1) south 89° 50' 33" west 745.70 feet
to a point herein for convenience called POINT "C"; thence
(2) south 19° 43' 50" west 320.28 feet; thence
(3) south 00° 05' 44" east 1015.74 feet; thence
(4) south 22° 17' 22" west 9.25 feet, more or less,
to a point in the westerly boundary line of the northwest quarter of said Section 17; excepting
therefrom the portion thereof that lies within the boundary lines of said STRIP 1.

As shown upon said EXHIBIT "C".

STRIP 5

A strip of land of the uniform width of 10 feet extending northerly from the northerly boundary line of the strip of land hereinbefore described and designated STRIP 4, and lying 5 feet on each side of the line described as follows:

Beginning at said POINT "C" and running

(1) north 16° 11' 20" east 28.51 feet

to a point within the boundary lines of said lands; excepting therefrom the portion thereof that lies within the boundary lines of said STRIP 4.

As shown upon said EXHIBIT "C".

STRIP 6

A strip of land of the uniform width of 10 feet extending westerly from the westerly boundary line of the strip of land hereinbefore described and designated STRIP 4 and lying 5 feet on each side of the line described as follows:

Beginning at said POINT "C" and running

(1) north 89° 45' 46" west 62.12 feet

to a point within the boundary lines of said lands; excepting therefrom the portion thereof that lies within the boundary lines of said STRIP 4.

As shown upon said EXHIBIT "C".

The foregoing descriptions are based on a survey made by Pacific Gas and Electric Company in February 2022. The bearings used are based on the westerly boundary line of the southwest quarter of said Section 8, which according to the Record of Survey filed for record October 15, 2020 in Book 2020 of Records of Survey at page 54, Yolo County Records, has a bearing of south 00° 04' 18" east and a length 2,645.40 feet.

Prepared By:
Pacific Gas & Electric Company



Curt Castro

Dated

TOWNSHIP 08 NORTH, RANGE 01 WEST,
SW 1/4 SECTION 08 &
NW 1/4 SECTION 17 M.D.M.

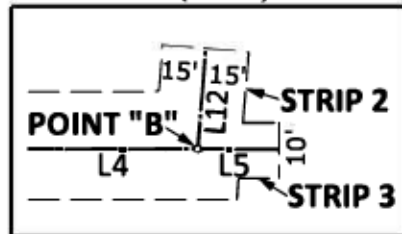
LEGEND

- BOUNDARY LINE
- CENTER OF PROPOSED PG&E
POLE LINE EASEMENT
- P.O.C. POINT OF COMMENCEMENT
- T.P.O.B. TRUE POINT OF BEGINNING
- DIMENSION POINT

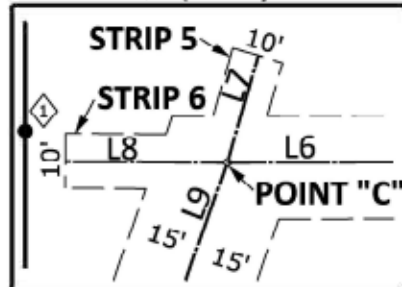
MONUMENT NOTES

- ① - FOUND 5/8-IN REBAR & CAP
STAMPED "LS 8779"
PER 2020 ROS 54

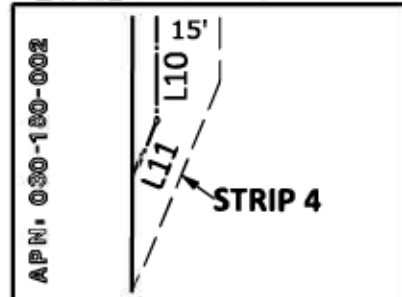
DETAIL B (N.T.S.)



DETAIL C (N.T.S.)



DETAIL D (N.T.S.)



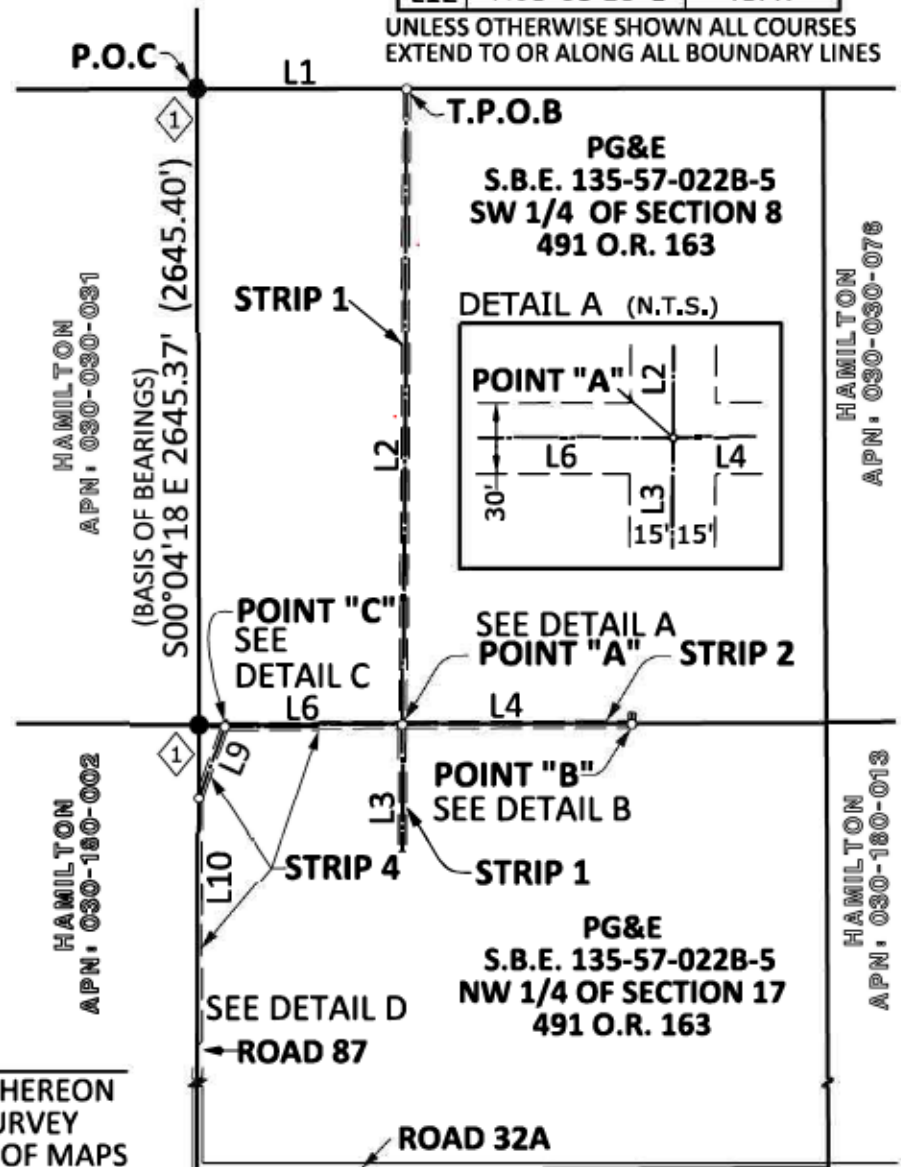
BASIS OF BEARINGS

THE LINES AND COURSES SHOWN HEREON
ARE BASED ON THE RECORD OF SURVEY
FILED FOR RECORD IN BOOK 2020 OF MAPS
AT PAGE 54, YOLO COUNTY RECORDS

LINE TABLE

LINE	BEARING	DISTANCE
L1	N89°55'13"E	874.95'
L2	S00°23'25"W	2651.55'
L3	S00°23'25"W	523.84'
L4	N89°50'33"E	956.00'
L5	N89°50'33"E	29.02'
L6	S89°50'33"W	745.70'
L7	N16°11'20"E	28.51'
L8	N89°45'46"W	62.12'
L9	S19°43'50"W	320.28'
L10	S00°05'44"E	1015.74'
L11	S22°17'22"W	9.25'
L12	N03°03'18"E	48.47'

UNLESS OTHERWISE SHOWN ALL COURSES
EXTEND TO OR ALONG ALL BOUNDARY LINES



AUTHORIZATION 2408-01-10037	
BY	JGR9
DR	AAHE
CH	CXOQ
O.K.	C4CK
DATE	02/24/2022

EXHIBIT "C"
PLEASANT CREEK GAS STORAGE
POLE LINE EASEMENT RESERVATION
WINTERS, CALIFORNIA
PACIFIC GAS AND ELECTRIC COMPANY
San Francisco California



PROJ. NO.	8192779
AREA	NORTH VALLEY
COUNTY	YOLO
SCALE	1 INCH = 800' FEET
SHEET NO.	1 OF 1
DRAWING NUMBER	SL-1745
CHANGE	0

EXHIBIT "B-1"

The parcels of land situate in the County of Yolo, State of California, described as follows:

LANDS

(S.B.E. 135-57-022B-11)

The parcel of land conveyed by Reginald A. Hunter and wife to Pacific Gas and Electric Company by deed dated November 6, 1957 and recorded in Volume 527 of Official Records at page 532, Yolo County Records, and therein described and designated PART I.

STRIP 1

A strip of land of the uniform width of 30 feet extending from the westerly boundary line of said lands, easterly to the northerly boundary line of said lands, and lying 15 feet on each side of the line described as follows:

Commencing at the found 1 inch iron bar as shown upon the Record of Survey filed for record March 24, 1998 in Book 1998 of Maps at page 16, Yolo County Records, accepted as marking the northwest quarter corner of Section 20, Township 8 North, Range 1 West, MDM, and running southerly along said westerly boundary line

(a) south 00°00' 05" east 38.09 feet
to the TRUE POINT OF BEGINNING of said line; thence leaving said westerly boundary line

(1) north 87°37'42" east 676.62 feet
to a point herein for convenience called POINT "A"; thence

(2) north 76°33'28" east 57.17 feet, more or less,
to a point in the northerly boundary line of said lands.

As shown upon EXHIBIT "C-1" attached hereto and made a part hereof.

STRIP 2

A strip of land of the uniform width of 30 feet extending from the northerly boundary line of the strip of land hereinbefore described and designated STRIP 1, northwesterly to the northerly boundary line of said lands, and lying 15 feet on each side of the line described as follows:

Beginning at said POINT "A" and running

(1) north 44°33'37" west 18.23 feet, more or less,
to a point in the northerly boundary line of said lands; excepting therefrom the portion thereof that lies within the boundary lines of said STRIP 1.

As shown upon said EXHIBIT "C-1".

STRIP 3

A strip of land of the uniform width of 30 feet extending southeasterly from the southerly boundary line of the strip of land hereinbefore described and designated STRIP 1, and lying 15 feet on each side of the line described as follows:

Beginning at said POINT "A" and running

(1) south 44°21'22" east 44.98 feet, more or less,
to a point in the westerly boundary line of the parcel of land conveyed by Peter J. Hunter and Deborah A. Hunter to Peter J. Hunter and Deborah A. Hunter, as trustees, by deed dated April 18, 2008 and recorded as Document No. 2008-0012708-00, Yolo County Records; excepting therefrom the portion thereof that lies within the boundary lines of said STRIP 1.

As shown upon said EXHIBIT "C-1".

The foregoing descriptions are based on a survey made by Pacific Gas and Electric Company in February 2022. The bearings used are based on the northerly boundary line of the northwest quarter of said Section 20, which according to the Record of Survey filed for record March 24, 1998 in Book 1998 of Maps at page 16, Yolo County Records, has a bearing of south 89° 47' 50" west and a length 2,639.96 feet.

Prepared By:
Pacific Gas & Electric Company



Curt Castro

Dated

TOWNSHIP 08 NORTH, RANGE 01 WEST,
W 1/2 OF NW 1/4, SECTION 20 M.D.M.



LEGEND

- BOUNDARY LINE
 - - - CENTER OF PROPOSED PG&E
 POLE LINE EASEMENT
P.O.C. POINT OF COMMENCEMENT
T.P.O.B. TRUE POINT OF BEGINNING
 ° DIMENSION POINT
R1 BOOK 1998 OF MAPS PAGE 36

BASIS OF BEARINGS

THE LINES AND COURSES SHOWN HEREON ARE BASED
ON THE RECORD OF SURVEY FILED FOR RECORD IN
BOOK 1998 OF MAPS AT PAGE 16, YOLO COUNTY RECORDS

MONUMENT NOTES

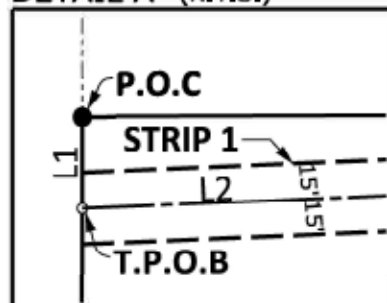
- ① -FOUND 1" IRON BAR MARKING
THE NW CORNER OF SECTION 20
PER R1
- ② -FOUND 7/8" IRON BAR STAMPED
"LS 1836" MARKING THE NORTH 1/4
CORNER OF SECTION 20 PER R1

LINE TABLE

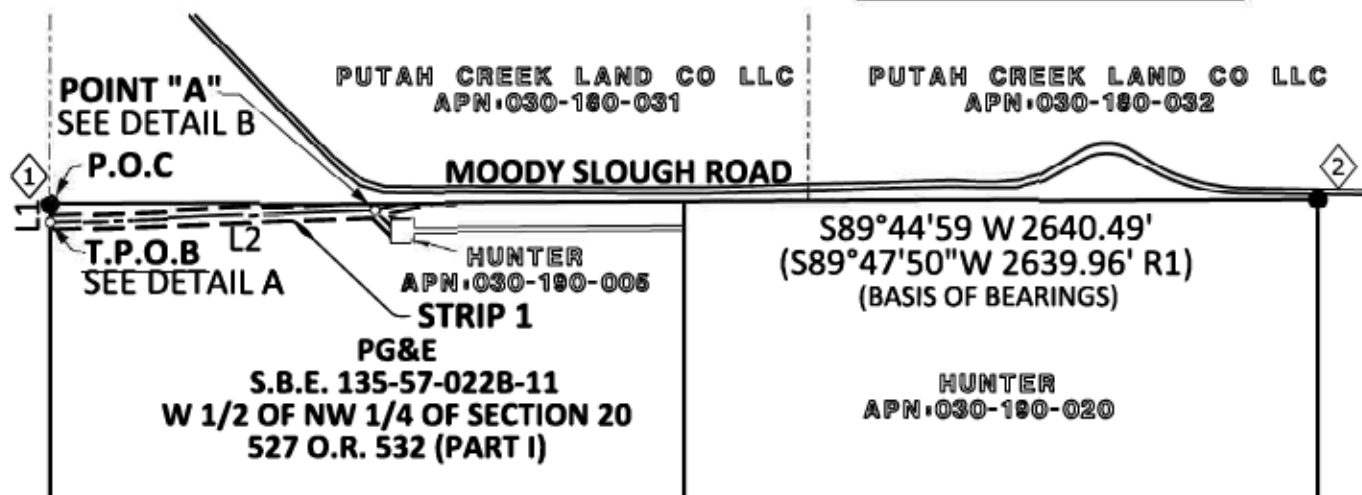
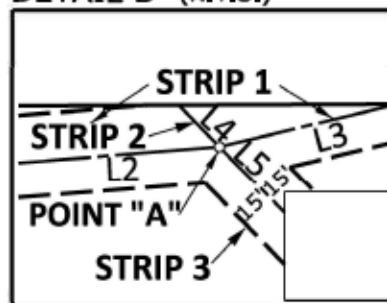
LINE	BEARING	DISTANCE
L1	S00°00'05"E	38.09'
L2	N87°37'42"E	676.62'
L3	N76°33'28"E	57.17'
L4	N44°33'37"W	18.23'
L5	S44°21'22"E	44.98'

UNLESS OTHERWISE SHOWN ALL COURSES
EXTEND TO OR ALONG ALL BOUNDARY LINES

DETAIL A (N.T.S.)



DETAIL B (N.T.S.)



AUTHORIZATION
2408-01-10038

BY JGR9
 DR AAHE
 CH CXOQ
 O.K. C4CK
 DATE 03/11/2022

EXHIBIT "C-1"
 PLEASANT CREEK GAS STORAGE SOUTH
 POLE LINE EASEMENT RESERVATION
 WINTERS, CALIFORNIA
 PACIFIC GAS AND ELECTRIC COMPANY
 San Francisco California



PROJ. NO. 8192779
 AREA NORTH VALLEY
 COUNTY YOLO
 SCALE 1 INCH = 400' FEET
 SHEET NO. 1 OF 1
 DRAWING NUMBER SL-1754
 CHANGE 0

Attach to LD: (To Be Inserted)

Land Service Office: Oakland

Line of Business: Gas Transmission

Business Doc Type: Conveyance Out

MTRSQ: 24.08.01.08.31, 24.08.01.08.32, 24.08.01.08.33, 24.08.01.08.34, 24.08.01.17.41, 24.08.01.17.42, 24.08.01.17.43, 24.08.01.17.44, 24.08.01.20.43, 24.08.01.20.44

FERC License Number(s): N/A

PG&E Drawing Number(s): SL-1745

PLAT NO.: M11

LD of any affected documents: 2408-01-0318, 2408-01-0329

LD of any Cross-referenced documents: N/A

TYPE OF INTEREST: Sale of Fee (11F)

SBE Parcel Number: 135-57-022B-5

For Quitclaims, % being quitclaimed: N/A

Order # or PM #: 8192779

JCN: N/A

County: Yolo

Utility Notice Numbers: N/A

851 Approval Application No. TBD Decision: TBD

Prepared By: ERSE

Checked By:

EXHIBIT C
FORM OF BILL OF SALE

BILL OF SALE

This BILL OF SALE (this "Bill of Sale"), dated as of March 28, 2023 (the "Effective Date"), is made by and between Pacific Gas and Electric Company, a California corporation ("PG&E" or "Seller"), and Pleasant Creek Gas Storage Holdings, LLC, a Delaware limited liability company ("Buyer").

RECITALS

A. Pursuant to that certain Sale Agreement for the Pleasant Creek Gas Storage Field dated as of the Execution Date by and between PG&E and Buyer (as the same may be amended, modified and/or supplemented from time to time, the "Sale Agreement"), PG&E has agreed to sell, transfer and convey its rights, title and interests in and to the Assets to Buyer, and Buyer has agreed to accept the sale, transfer and conveyance of the Assets from PG&E, all on the terms and conditions of the Sale Agreement.

B. Pursuant to the Sale Agreement, the Parties shall enter into this Bill of Sale as evidence of PG&E's sale, transfer and conveyance of the tangible property as set forth on Schedule I hereto ("Tangible Property") to Buyer.

NOW THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, each of PG&E and Buyer hereby agrees as follows:

AGREEMENT

1. Defined Terms. Unless the context hereof shall otherwise require, capitalized terms used in this Bill of Sale, including those in the recitals hereto, and not otherwise defined herein shall have the respective meanings as defined in the Sale Agreement.

2. Sale, Transfer and Conveyance. PG&E, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, irrevocably sells, transfers and conveys to Buyer its rights, title and interests in and to the Tangible Property. Buyer hereby accepts the foregoing sale, transfer and conveyance of the Tangible Property pursuant to the Sale Agreement. Notwithstanding anything to the contrary herein, PG&E and Buyer each acknowledge and agree that (a) PG&E shall exclude, retain and remain liable and responsible for the Excluded Liabilities and (b) Buyer shall assume and be liable and responsible for the Assumed Liabilities, in each case, in accordance with the terms and conditions set forth in the Sale Agreement.

3. Disclaimer and Construction. This Bill of Sale is made without any covenant, warranty or representation by PG&E of any kind whatsoever, except as expressly set forth in the Sale Agreement, and is made subject to the disclaimers set forth in Section 5.1 of the Sale Agreement and all other terms and conditions of the Sale Agreement. This Bill of Sale is delivered pursuant to and is subject to the terms of the Sale Agreement. In the event of any conflict, ambiguity or inconsistency between the

terms of the Sale Agreement and the terms of this Bill of Sale, the terms of the Sale Agreement shall control and govern to the extent of such conflict, ambiguity and/or inconsistency.

4. Binding Effect. Assignment. This Bill of Sale and all of the provisions hereof shall be binding upon Seller and Buyer and their respective successors and assigns.

5. No Third Party Beneficiary. Nothing in this Bill of Sale is intended to confer upon any other person or entity except Buyer and PG&E any rights or remedies hereunder or shall create any third party beneficiary rights in any person or entity.

6. Governing Law. This Bill of Sale shall be governed by and construed in accordance with the laws of the State of California (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

7. Counterparts. This Bill of Sale may be executed in any number of counterparts, all such counterparts together constituting but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the duly authorized representatives of the undersigned parties have executed and delivered this Bill of Sale as of the Effective Date set forth above.

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: E-SIGNED by Christine Cowser
on 2023-03-28 22:55:20 GMT

Print Name: Christine Cowser

Its: SVP of Gas Engineering

BUYER:

PLEASANT CREEK GAS STORAGE HOLDINGS, LLC,
a Delaware limited liability company

By: E-SIGNED by John F. Thrash
on 2023-03-28 20:56:31 GMT

Print Name: John F. Thrash

Its: Chief Executive Officer

SCHEDULE 1: TANGIBLE PROPERTY

EXHIBIT C
(Schedule I)

Tangible Property

This Exhibit C, which shall be Schedule I to Exhibit C (the Bill of Sale, defines) identifies the Tangible Property that will be sold and conveyed to the Buyer as of the Closing Date under the Agreement.

The “Tangible Property” shall consist of the following: all tangible property as described in subsection (1) below subject to the Exclusions stated therein; and that certain tangible property as identified in subsection (2) below.

- (1) All surface and subsurface equipment, machinery, pipelines, wells, fixtures, appurtenances and other tangible personal property, assets and improvements that are located at, on or under any of the lands covered by the Real Property Fee Interests (see Appendix 1 for additional information) as of the Execution Date; provided that, all electric poles, wires, and appurtenant facilities and equipment utilized or needed for the distribution or service of electricity shall be excluded therefrom (collectively, “Exclusions”). The Exclusions shall not be deemed to be “Tangible Property” for purposes of the Agreement.
- (2) That certain surface and subsurface equipment, machinery, pipelines, wells, fixtures and appurtenances as identified in the “Subsection 2 Chart” herein, each of which is not located at, on or under any of the lands covered by the Real Property Fee Interests.

Subsection 2 Chart:

That certain Pleasant Creek Unit 4 1 well (inactive) and any remaining appurtenant facilities and equipment since the plugging of the well, which may include fencing, equipment within the fencing, wellhead, piping, valves, separator, liquids storage tank, metering shed, and pipelines used to transport gas to or from the Pleasant Creek Unit 4 1 well.

- API Number: 04-113-00064-00
- Plug Completion Date: 9/24/2019
- Location: Not on Real Property Fee Interests. Pleasant Creek Unit 4 1 is located in Section 8 (Township 8 North, Range 1 West), 3245 feet north along the west boundary of Section 8 from the southwest corner of Section 8, and thence 900 feet east at right angles.

That certain Pleasant Creek Unit 4 2 well (active) and all appurtenant facilities and equipment, which includes fencing, equipment within the fencing, wellhead, piping, valves, separator, liquids storage tank, metering shed, and pipelines used to transport gas to or from the Pleasant Creek Unit 4 2 well.

- API Number: 04-113-20195-00
- Spud Date: 10/4/1973

<ul style="list-style-type: none"> • Location: Not on Real Property Fee Interests. Pleasant Creek Unit 4 2 well is located in Section 8 (Township 8 North, Range 1 West), 4300 feet north along the west boundary of Section 8 from the southwest corner of Section 8, and thence 1000 feet east at right angles.
<p>That certain portion of Line 206 (active) not located on the Real Property Fee Interests which commences at the westerly boundary of the easement for the Putah Creek Station pursuant to such easements dated January 26, 1973 and recorded in Volume 1050 at Official Records at page 147 and 150, Yolo County Records ("Station Easement"), and approximately at MP 0.0245 (lat/long coordinates 38.547244, -121.989917) and terminates at the easterly boundary line of the Real Property Fee Interests more specifically APN 030-030-099, SBE Number 135-57-022B-5 approximately at MP 0.4981 (lat/long coordinates 38.547209, -121.998738).</p>
<p>Those certain portions of Line 159 (inactive, see Appendix 2 for additional information) not located on the Real Property Fee Interests which commence and terminate at the following approximate points:</p> <p><u>Segment 1 (approximately 4-inch east-west lateral parallel to and south of Line 206):</u> Commencing at the PG&E's westerly boundary line of the Station Easement, running west and terminating at the easterly boundary of the Real Property Fee Interests more specifically APN 030-030-099, SBE Number 135-57-022B-5. A record of the 1992 retirement job for Segment 1 indicates that the line was retired with 20 psig of pressure remaining (see Appendix 3 and Virtual Data Room ("VDR") file "L159 Lateral at 20 psig2").</p> <p><u>Segment 2 (pipe of unknown diameter running north and south):</u> Commencing at the northerly boundary line of the Real Property Fee Interests more specifically APN 030-030-099, SBE Number 135-57-022B-5 at approximate lat/long coordinates 38.554434, -122.005898, running north and terminating at approximate lat/long coordinates 38.555807, -122.005903 within parcel APN 030-030-038.</p> <p><u>Segment 3 (pipe of unknown diameter running generally north and south):</u> Commencing at the southerly boundary of the Real Property Fee Interests more specifically APN 030-030-099, SBE 135-57-022B-5 at approximate lat/long coordinates 38.554434, -122.005898, running southwest and terminating at unknown lat/long coordinates within parcel APN 030-180-028.</p>
<p>That certain portion of Line 56A (active) not located on the Real Property Fee Interests commencing at the northerly boundary line of the Real Property Fee Interests more specifically APN 030-030-099, SBE Number 135-57-022B-5 at approximately MP 0.6025 (lat/long coordinates 38.554439, -122.004792) and terminating at approximately MP 0.9713 (lat/long coordinates 38.559574, -122.004688) within parcel APN 030-030-038.</p>
<p>That certain portion of Line 56B (active) not located on the Real Property Fee Interests commencing at the northerly boundary line of the Real Property Interests more specifically APN 030-030-099, SBE Number 135-57-022B-5 at approximately MP 0.6105 (lat/long</p>

coordinates 38.554437, -122.004812) and terminating at approximately MP 0.7216 (lat/long coordinates 38.555989, -122.004880) within parcel APN 030-030-038.

That certain methane monitoring station and all appurtenant facilities and equipment not located on the Real Property Fee Interests and located within parcel APN 030-030-038 approximately 90 feet northeast from the fence line of Pleasant Creek Unit 4 2 (lat/long coordinates 38.559674, -122.004282).

List of the Major Tangible Property Located At, On or Under Lands Covered By the Real Property Fee Interests As of the Execution Date:

For reference purposes, the remainder of this Schedule I to Exhibit C provides a non-exhaustive descriptive list of the major Tangible Property located at, on or under lands covered by the Real Property Fee Interests as of the Execution Date:

- **General:** An inactive natural gas storage facility with design working capacity of about 2.3 billion cubic feet (Bcf), maximum injection capacity of about 32 million cubic feet (MMcf) per day and maximum withdrawal capacity of about 70 MMcf per day, as well as volumes of gas (including cushion gas) currently stored at or in such facility.
- **Active Wells:** The five active injection/withdrawal wells identified in the chart below, including all appurtenant tubing and casing runs, an automatic surface safety valve, liquids separator, above ground tank for collecting liquids, flow meter, and gas-power rack.

Well Name and Number	API Number	Spud Date	Parcel
Pleasant Creek Unit 3 1	04-113-00063-00	11/27/1948	APN 030-030-099
Pleasant Creek Unit 3 2	04-113-20192-01	9/4/1973	APN 030-030-099
Pleasant Creek Unit 3 3	04-113-20193-00	9/22/1973	APN 030-030-099
Pleasant Creek Unit 3 4	04-113-20194-00	10/15/1973	APN 030-030-099
Pleasant Creek Unit 3 3-5	04-113-21279-01	4/20/2012	APN 030-030-099

- **Plugged and Abandoned Wellbores:** The four plugged and abandoned wells identified in the chart below and any remaining appurtenant equipment.

Well Name and Number	API Number	Plug Date	Parcel
Shell-Pleasant Creek Unit 2 1	04-113-00060-00	1950	APN 030-030-099
Pleasant Creek Unit 3 2 ⁽¹⁾	04-113-20192-00	Approx. 1973	APN 030-030-099
Pleasant Creek Unit 3 3-5 ⁽¹⁾	04-113-21279-00	Approx. 2012	APN 030-030-099
Pleasant Creek Unit 5 1	04-113-00065-00	1973	APN 030-030-099
Notes: (1) Pleasant Creek Unit 3 2 well and Pleasant Creek Unit 3 3-5 wells are original holes in which production casing was never set. The corresponding Pleasant Creek Unit 3 2 well and			

Pleasant Creek Unit 3 3-5 in the Active Wells table above are sidetrack wellbores drilled from the original holes.

- **Water Well:** One water well located inside the compressor station fencing. This well was used for compressor cooling water until 2010 and has received only limited use since then.
- **Compressor Station:** A compressor station consisting of the following facilities and equipment:
 - Gas Compressor: 740 horsepower natural-gas-fired Waukesha engine driving an Ariel JGH-4 compressor (currently disconnected from station piping);
 - Gas Dehydration Equipment: Rheem triethylene glycol regeneration unit and Rheem 54-inch contact tower and separate re-boiler;
 - Controls: General Electric programmable logic controller (PLC); Supervisory Control and Data Acquisition (SCADA) system;
 - Compressed Air Equipment: air compressor and two receivers;
 - Tanks: five above-ground tanks used for storing pipeline liquids, triethylene glycol, engine lube oil, engine waste oil, and engine jacket water; and
 - Enclosures: semi-open enclosure housing gas compressor, air compressor building, office trailer, two storage containers, and contents of same.
- **Gas Transmission Pipelines (Active):** Eleven (11) segments of gas pipeline identified in the chart below totaling approximately 1.76 miles (9,289 feet) in length, ranging in diameter from 4.5 inches to 12.75 inches, and ranging in maximum allowable operating pressure (MAOP) from 975 to 1,300 pounds per square inch gauge pressure (PSIG).

Route	Start Mile Post	End Mile Post	Diameter (inches)	Wall Thickness (inches)	SMYS	Seam Type	Length (feet)	MAOP (psig)	Install Year
056A	0.000	0.6025	8.625	0.338	42000	SMLS	3170.00	1,300	1974
056A-1	0.000	0.010	4.500	0.337	35000	SMLS	68.00	1,300	1973
056A-2	0.000	0.0344	4.500	0.337	35000	SMLS	182.00	1,300	1973
056B	0.000	0.6105	4.500	0.148	35000	SMLS	3234.00	1,300	1951
056B-1	0.000	0.010	4.500	0.337	35000	SMLS	50.00	1,300	1973
056B-2	0.000	0.0278	4.500	0.237	35000	SMLS	147.00	1,300	1973
056B-4	0.000	0.0077	4.500	0.337	35000	SMLS	33.50	1,300	2013
056C	0.000	0.254	4.500	0.237	35000	SMLS	1,364.00	1,300	1973
206	0.4981	0.6466	12.750	0.375	52000	SMLS	890.40	975	1973
206	0.6466	0.6688	12.750	0.375	52000	SMLS	106.40	975	1974
206	0.6688	0.6768	8.625	0.438	42000	SMLS	43.80	975	1974

Gas Transmission Pipelines (Inactive): Three (3) segments of deactivated gas pipeline (see Appendix 2 for additional information) totaling approximately 1.29 miles (6,818 feet) in length. Approximate individual segment lengths starting at the western fence line of the compressor station are: (i) Segment 1 running west-east nine hundred fifteen feet (915) to the eastern edge of

the Real Property Fee Interests; (ii) three thousand one hundred ninety-two (3,192) feet running south-north to the northern edge of the Real Property Fee interests; and (iii) two thousand seven hundred eleven feet (2,711) running north-south to the southern edge of the Real Property Fee Interests. Segment 1 piping is four (4) inches in diameter. PG&E is uncertain of the pipeline diameter for segments 2 and 3. Segment 1 was deactivated in 1992, but PG&E has no records of when Segments 2 and 3 were deactivated. A record of the 1992 retirement job for Segment 1 indicates that the line was retired with 20 psig of pressure remaining (see Appendix 3 and data room file "L159 Lateral at 20 psig" for additional information. Note that this section does not include all previously deactivated pipelines on the Real Property Fee Interests.

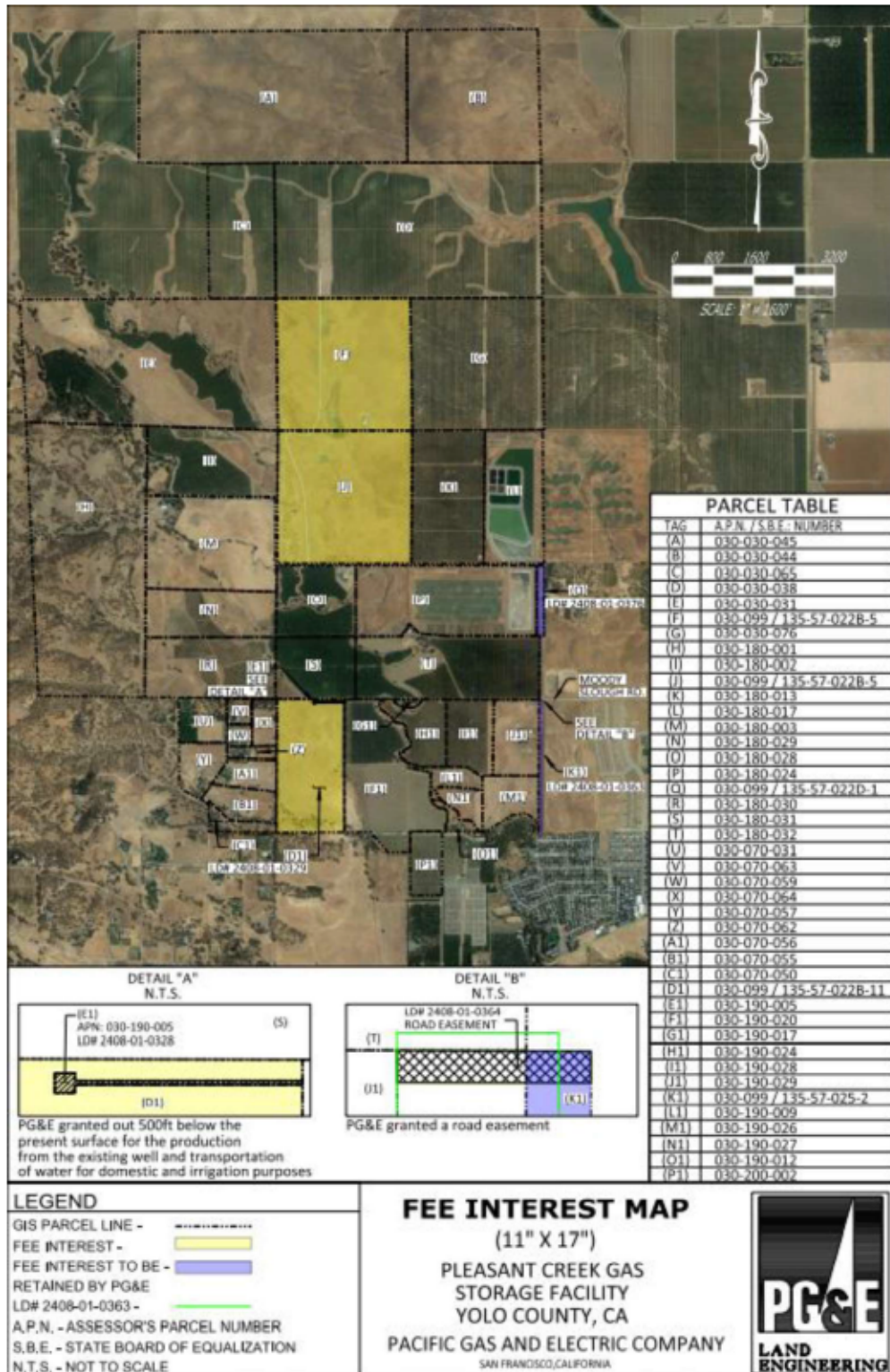
Gas Measurement Equipment:

- Master gas meters that measure total gas flows to and from the Facility (not presently billing quality); and
- Sub-meters located at each well pad that separately measure injections, tubing withdrawals, and casing withdrawals.

Methane Monitoring Equipment: That certain methane monitoring station and all appurtenant facilities and equipment in APN 030-099 (SBE 135-57-022B-5) at lat/long coordinates 38.543669, -122.005795 approximately 676 feet southwest from the fence line of Pleasant Creek Unit 3 2 well.

Miscellaneous: Appurtenant fencing, roads, gates and other similar tangible personal property located at, on or under any of the lands covered by the Real Property Fee Interests.

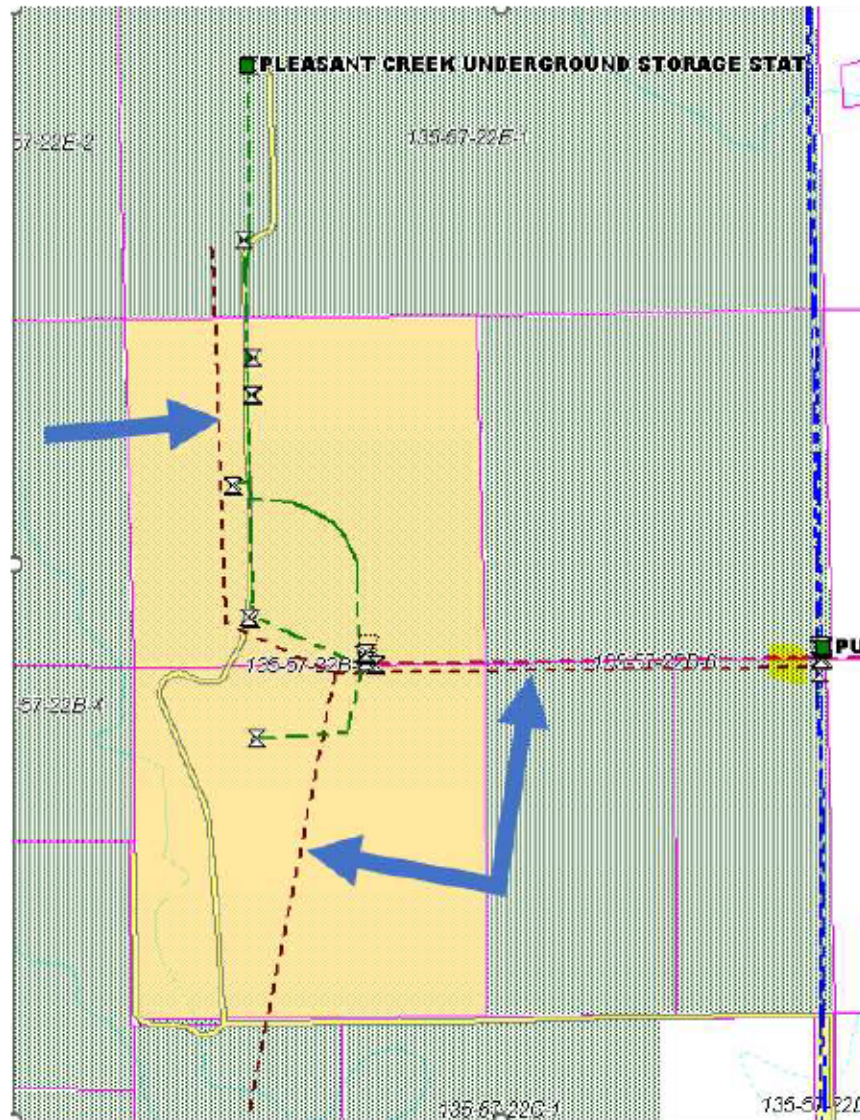
Appendix 1 **Fee Interest and Non-Fee Interest Parcel Map** **(for reference purposes only)**



Appendix 2

System Map of Approximate Location of Deactivated Pipeline 159

(See also operating maps in VDR under filenames “Line 159 East-West Lateral (B4234_Sh6)”, “Line 159 North Lateral (B4234_Sh7)”, and “Line 159 South Lateral (B4284_Sh1)”.



Legend

Yellow: Real Property Fee Interests parcels

Green: Parcels not in Fee Interest land

Magenta dashed line: active Line 206

Green dashed lines: active Lines 56A, 56B, and 56C

Maroon dashed lines: deactivated Line 159 Segments 1, 2, and 3

Appendix 3 **Record of Line 159 Lateral at 20 PSIG**

11-051

SP PLD-463.1-A

6-12-85 REV.

SEQUENCE OF OPERATIONS

REFERENCE DIAGRAM 384509

CLEARANCE NO. A-47-92

PAGE 2 OF 5

OPRN: NO	LOCATION	OPER- ATION	VALVE NO	TAGGED	REMARKS	NOTIFICATIONS			
						GIVEN TO	TIME	COMPLETED BY	TIME
6	PCreek Tap	Close	2	MOL					
7	PCreek Tap	Close	4	MOL					
8	PCreek Tap	Close	1	MOL					
9	PCreek Tap	open	3	Caution Tag	note: This valve will have line pressure on the north Side and approx 20psig on the South Side. Thus along with the condition of the valve may make it hard to turn. If necessary we ^{will} shut-in L-206 and equalize the pressure with L-159.				

EXHIBIT D
FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Assignment”), dated as of March 28, 2023 (“Effective Date”), is made by and between Pacific Gas and Electric Company, a California corporation (“PG&E” or “Assignor”), and Pleasant Creek Gas Storage Holdings, LLC, a Delaware limited liability company (“Assignee”).

W I T N E S S E T H:

WHEREAS, pursuant to that certain Sale Agreement for the Pleasant Creek Gas Storage Field dated as of the Execution Date by and between PG&E and Assignor (as the same may be amended, modified and/or supplemented from time to time, the “Sale Agreement”), PG&E has agreed to sell, transfer and convey its rights, title and interests in and to the Assets to Buyer, and Buyer has agreed to accept the sale, transfer and conveyance of the Assets from PG&E, all on the terms and conditions of the Sale Agreement; and

WHEREAS, pursuant to the Sale Agreement, the Parties shall enter into this Assignment as evidence of PG&E’s sale, transfer and conveyance of the permits as set forth on Schedule I hereto (the “Permits”) to Assignee; and

WHEREAS, PG&E desires to assign and transfer to Assignee, and Assignee desires to assume and accept, all of PG&E’s rights, duties and obligations under and pursuant to the Permits in accordance with the Sale Agreement.

NOW THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, each of PG&E and Assignee hereby agrees as follows:

1. Defined Terms. Unless the context hereof shall otherwise require, capitalized terms used in this Assignment, including those in the recitals hereto, and not otherwise defined herein shall have the respective meanings as defined in the Sale Agreement.

2. Assignment. PG&E hereby irrevocably assigns and transfers to Assignee all of its rights, title and interests in and to, and all of its duties, liabilities and obligations under or pursuant to, the Permits, except for the Excluded Liabilities as set forth in the Sale Agreement.

3. Assumption. Assignee hereby assumes and accepts all of PG&E’s rights, title and interests in and to, and all of the Assumed Liabilities with respect to PG&E’s duties, liabilities and obligations under or pursuant to, the Permits, except for the Excluded Liabilities, and, without limitation of the foregoing, agrees to perform under and be bound by the terms of the Permits.

4. Non-Interference. Each of PG&E and Assignee agrees that the assignment and assumption of the assigned rights and responsibilities hereunder is irrevocable and that neither party shall take any action or make any other assignment or direction which could prejudice the other's rights hereunder, and that any such action or assignment shall be void.

5. Disclaimer and Construction. This Assignment is made without any covenant, warranty or representation by PG&E of any kind whatsoever, except as expressly set forth in the Sale Agreement, and is made subject to the disclaimers set forth in Section 5.1 of the Sale Agreement and all other terms and conditions of the Sale Agreement. This Assignment is delivered pursuant to and is subject to the terms of the Sale Agreement. In the event of any conflict, or ambiguity or inconsistency between the terms of the Sale Agreement and the terms of this Assignment, the terms of the Sale Agreement shall control and govern to the extent of such conflict, ambiguity and/or inconsistency.

6. Effectiveness. This Assignment shall become effective as of the Effective Date.

7. Further Assurances. Each of the parties will, upon reasonable request to do so by the other party hereto, promptly make, do, execute and deliver, or cause to be made, done, executed and delivered, all such further acts, deeds, assurances and things as may be legally required or reasonably necessary in order to further implement and carry out the intent and purposes of this Assignment.

8. Successor and Assigns. The provisions of this Assignment are binding upon, and will inure to the benefit of, the successors and assigns of the Assignor and Assignee, respectively.

9. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

10. Severability. If one or more of the provisions of this Assignment shall be deemed invalid, illegal or unenforceable in any respect, such provisions shall be deemed to be severed from this Assignment, and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired in any way thereby.

11. Counterparts. This Assignment may be executed in any number of counterparts, all such counterparts together constituting but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto, by their duly authorized officers,
have executed and delivered this Assignment as of the Effective Date set forth above.

ASSIGNOR:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: E-SIGNED by Christine Cowser
on 2023-03-28 22:55:24 GMT

Print Name: Christine Cowser

Its: SVP of Gas Engineering

ASSIGNEE:

PLEASANT CREEK GAS STORAGE HOLDINGS, LLC,
a Delaware limited liability company

By: E-SIGNED by John F. Thrash
on 2023-03-28 20:54:31 GMT

Print Name: John F. Thrash

Its: Chief Executive Officer

SCHEDULE 1: PERMITS

Exhibit D - Permits (Schedule I)

Permits

This Schedule I to Exhibit D (the Assignment and Assumption Agreement) identifies the existing permits that will be transferred to the Buyer as of the Closing Date under the Agreement (collectively, the “Permits”).

It also provides a high-level overview of the applicable transfer procedure(s) with respect to certain of such Permits.

Yolo-Solano Air Quality Management District (YSAQMD) Permits

Permit Number	Equipment or Process
P-2-99a1	Natural gas dehydration system
P-23-11	Internal combustion engine
P-2-99a1	Natural gas production fluid storage
P-3-99a	Natural gas production fluid storage
P-4-99a	Natural gas production fluid storage
P-5-99a	Natural gas production fluid storage
P-6-99a	Natural gas production fluid storage
P-13-17	Natural gas production fluid storage
P-8-99a	Natural gas production fluid storage
P-7-99(a)	Natural gas production fluid storage

PG&E understands that when ownership of the Assets is transferred, the above-referenced equipment does not have to be re-permitted in order to continue to operate; provided that, Buyer must apply to YSAQMD to have the Permits transferred to Buyer pursuant to applicable regulations.

State of California, Division of Occupational Safety and Health, Pressure Vessel Unit Permits

State Serial Number	Equipment or Process
A044248-13	Air tank
A044249-13	Air tank
A044250-13	Air tank

PG&E understands that when ownership of the Assets is transferred, the air tank equipment does not have to be re-permitted in order to continue to operate. The Permits continue in force for “not more than 5 years from the date of inspection or upon the alteration of, or damage to, the air tank or installation, or upon change of ownership and location, whichever occurs first.” (Cal OSHA regulations, Title 8, Section 461, Paragraph (d), emphasis added.) The date of last inspection was 7/25/2018 and the expiration date will be 7/25/2023 for such Permits for the three (3) air tanks.

Yolo County, Environmental Health Division Permits

Permit Number	Equipment or Process
-- (1)	Hazardous material storage
-- (1)	Hazardous waste generation
-- (1)	Above ground storage tanks
Notes: (1) The Division does not issue a permit document or number. The Facility ID with the Division is FA0000293.	

PG&E understands that when ownership of the Assets is transferred, there is a two-step process for transferring the Permits for the above-referenced items: (1) PG&E provides the required notification to the Division; and (2) Buyer creates an account with the Division to which the permits are transferred pursuant to applicable regulations.

State of California, Air Resources Board (CARB) Permits

Permit Number	Equipment or Process
-- (1)	Ambient Methane Monitoring Plan
Notes: (1) CARB did not create a permit number or identification number for the ambient methane monitoring plan.	

PG&E understands that when ownership of the Assets is transferred, PG&E must submit a letter to CARB identifying the new owner, identifying the new owner's contact person for the ambient methane monitoring obligations, and describing the timeline for transfer of ownership of the Facility.

EXHIBIT E

PERFORMANCE BOND

Bond No. XXXXXXXX

KNOW ALL PERSONS BY THESE PRESENTS:

THAT we, **PLEASANT CREEK GAS STORAGE HOLDINGS, LLC**, a limited liability company organized and existing under the laws of the State of Delaware with offices at **[PRINCIPAL ADDRESS]**, (hereinafter called the "**Principal**") and **[SURETY NAME]**, a [type of entity] organized and existing under the laws of [specify jurisdiction] with offices at **[SURETY ADDRESS]** (hereinafter called the "**Surety**"), are held and firmly bound unto **PACIFIC GAS AND ELECTRIC COMPANY**, a corporation organized and existing under the laws of the State of California with offices at **[OBLIGEE ADDRESS]**, (hereinafter called the "**Obligee**"), in the maximum sum of **[TBD]** dollars (**US\$ [TBD]**) lawful money of the United States of America (the "**Maximum Sum**") for the payment of which sum the Principal and the Surety bind themselves, their successors and assigns, jointly, severally, and in solido, firmly by these presents. All capitalized terms used but not defined in this performance bond (this "**Bond**") shall have the meanings ascribed to such terms in the Agreement (as defined below).

WHEREAS, Principal and Obligee have entered into that certain Sale Agreement for the Pleasant Creek Gas Storage Field effective **[DATE]** (the "**Agreement**") a copy of which attached hereto as Exhibit A, which Agreement is by reference made a part hereof and which provides for the sale and assignment from the Obligee to the Principal of 100% of the subsurface land rights, fee interest land rights, injection and withdrawal wells, gas storage facilities, gas transmission pipelines, tangible personal property and other assets identified in the Agreement (as more fully set forth and defined in the Agreement, the "**Assets**") associated with Pleasant Creek Gas Storage Field owned by Obligee; and

WHEREAS, the Principal and the Surety agree this Bond shall remain in full force and effect (subject to reductions as provided herein), notwithstanding the occurrence of the Closing Date under the Agreement and the transfer of the Assets from Obligee to Principal, until all Decommissioning Obligations of Principal under the Agreement have been fully and faithfully performed and discharged; and

WHEREAS, the Principal has agreed to deliver to the Obligee this Bond executed by Principal and Surety at least one (1) business day before the Closing Date as contemplated by the Agreement; and

WHEREAS, the Surety represents that it is duly authorized by the proper public authorities to transact the business of indemnity and suretyship in California, and represents that it is qualified to be surety and guarantor on bonds and undertakings, which certificate has not been revoked; and

WHEREAS, the Surety represents that it has duly executed a power of attorney, appointing the hereinafter named representative as its duly authorized deputy, as the true and lawful attorney-in-fact of such Surety, upon whom may be served all lawful process in any action or proceeding against such Surety in any court or before any officer, arising out of or founded upon this Bond or any liability hereunder; and does hereby agree and consent that such service, when so made, shall be valid service upon it, and that

such appointment shall continue in force and effect and be irrevocable so long as any liability against it remains outstanding hereunder.

NOW, THEREFORE, the Principal and the Surety agree as follows:

The Surety hereby guarantees the full, faithful and timely performance by Principal of the Decommissioning Obligations in accordance with the following terms:

1. If the Principal shall have fully and faithfully performed all of the Decommissioning Obligations, this Bond shall be null and void; otherwise, it shall remain in full force and effect in the Maximum Sum, except as otherwise specifically provided herein.
2. Anytime on or after the date of this Bond, if the Principal shall present to Obligea a Decommissioning Completion Certificate, accompanied by such evidence as may be required by the Agreement to demonstrate that the Decommissioning Obligations with respect to all or any portion of the Tangible Property has been fully completed in accordance with all requirements of the Agreement, then Obligea shall notify Surety in writing of same within a reasonable time period, and upon the Surety's receipt of such notice, the Maximum Sum shall be reduced by the amounts set forth on Exhibit B attached hereto to reflect the completion of such Decommissioning Obligations. Upon the faithful and full performance of all Decommissioning Obligations, evidenced as set forth above, Obligea will execute and deliver a release of this Bond within thirty (30) days thereafter.
3. Including to the extent the Principal may be liable for any expenses, fees, penalties, damages (either direct, indirect or consequential) related to the Decommissioning Obligations, or to the extent the Obligea may incur any attorney's fee or court costs or other expenses of litigation in the event of a contest over the Surety's denial of the obligation (or any part thereof), the maximum obligation of the Surety under this Bond shall be the Maximum Sum; provided that if the Surety elects to perform or cause the performance of the Decommissioning Obligations pursuant to clause (B) of Section 4 below, the Surety shall cause the Decommissioning Obligations to be fully and faithfully performed in accordance with all requirements of the Agreement.
4. If the Principal fails to perform the Decommissioning Obligations, and the Obligea has presented to the Surety a written notice stating that the Principal has so failed to perform, and such condition has persisted for thirty (30) days after written notice of such default was given by certified mail to the Principal, the Surety shall, within thirty (30) days, formally elect by written notice to Obligea to either: (A) pay to the Obligea an amount equal to the actual charges for performing the Decommissioning Obligations that the Principal has failed to perform, within fifteen (15) days after receipt of Obligea's invoice, which amount shall be up to, but not exceeding the Maximum Sum, and the Maximum Sum of this Bond shall be permanently reduced by the amount of such payment; or (B) commence, or cause to be commenced, and perform to the reasonable satisfaction of the Obligea, the necessary operations to perform such Decommissioning Obligations within thirty (30) days after the date of its formal election notice to Obligea.
5. Any suit under this Bond must be instituted before the expiration of four (4) years after the date on which Principal failed to perform the applicable Decommissioning Obligation or such failure is discovered by Obligea, whichever is later.
6. Surety hereby waives any defenses to liability on this Bond based on an unauthorized Principal signature. Surety acknowledges that Obligea may now or in the future may hold other security in respect of the Decommissioning Obligations, and to the extent permitted by law, waives

any notices of any and all proceedings to collect amounts due from Principal or of any exchange, sale, surrender or other handling of any security or collateral given to Obligor to secure Principal's obligations under the Agreement, any and all rights it may now or in the future have to require either that an action be brought against Principal or any other person or entity as a condition to proceeding against Surety, or to require that action be first taken against any security given by Principal or to any other person or entity before proceeding against Surety under this Bond. The Surety hereby waives any and all rights and defenses that are or may become available to Surety by reason of Sections 2787 to 2855, inclusive, of the California Civil Code, any election of remedies by Obligor and any rights or defenses the Surety or any other surety may have if the Principal's Decommissioning Obligations are secured by real property, including but not limited to, any rights or defenses that are based upon, directly or indirectly, the application of Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure.

7. No assignment, amendment, modification or waiver of the Agreement, or extension for the time of performance of any of the Decommissioning Obligations or any further sale or disposition of the Assets by the Principal, its successors and assigns, and no delay, neglect, or failure of the Obligor to proceed promptly to enforce the Agreement, in each case, whether notified to Surety or not, shall in any degree relieve the Principal or the Surety of their obligations under this Bond. The obligations of Surety under this Bond shall not be reduced, modified or impaired upon the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of any of Principal's assets, the receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization of, or similar proceedings affecting Principal or any of the assets of Principal, or upon the Principal's cessation of its operations without completing performance or payment of its obligations under the Agreement. Surety assumes the responsibility for keeping itself informed of the financial condition of the Principal and of the status of performance and payment of the Principal's obligations under the Agreement, and shall not hold Obligor responsible for providing information to Surety concerning such condition or status.

8. Notwithstanding anything to the contrary herein, if Principal elects to assign the Assets to a third party ("Assignee") and desires that the Assignee post replacement security with the Obligor for this Bond, then Principal shall notify Obligor and Surety of such desire (the "Security Replacement Notice"), and shall provide Obligor with the details of Assignee's proposed replacement security (the "Replacement Security") and such other information as Obligor may request, requesting Obligor's consent to replace the Bond with the Replacement Security. Within thirty (30) days after Obligor's receipt of the Security Replacement Notice, Obligor shall notify Principal and Surety of its decision whether it will accept the Replacement Security. If Obligor consents to accept the Replacement Security, Surety shall release the Bond within thirty (30) days after receipt of Obligor's notice indicating its consent.

9. No right of action shall accrue on this Bond to or for the use of any person or corporation other than the Principal, the Obligor, their heirs, executors, administrators or successors. Neither Surety nor Principal may assign or delegate any of its respective rights or obligations under this Bond to any third party without the prior written consent of Obligor.

10. Principal shall pay all premiums required to maintain this Bond in full force and effect until such time as the requirements for such Bond terminate in accordance with the provisions hereof and the Agreement. Surety stipulates and agrees that, regardless of the payment or nonpayment by Principal of any premiums owing with respect to this Bond, Surety's obligations under this Bond are continuing obligations and shall not be affected or discharged by any failure by Principal to pay any such premiums.

11. Written notices sent hereunder shall be sent by certified mail or trackable courier service to the following addresses (unless changed by a notice of change of address):

To Principal:
PRINCIPAL
ADDRESS
ATTN:

To Obligee:
OBLIGEE
ADDRESS
ATTN:

To Surety:
SURETY
ADDRESS
ATTN:

12. This Bond shall be governed by and construed in accordance with the State of California, without regard to its conflicts of laws provisions. The Surety hereby irrevocably submits to the jurisdiction of the state or federal courts located in San Francisco, California and waives its right to any jurisdictional defense that such litigation is brought in an inconvenient forum. In addition, Surety hereby consents to service by and through its attorney-in-fact and agrees that such service, when made, shall be valid service upon it, and that the appointment of such attorney-in-fact shall continue in force and effect and be irrevocable as long as Surety has any liability under this Bond.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the above bound parties have executed this instrument to be effective on [DATE], the name of each corporate party duly signed by its undersigned representative pursuant to authority of its governing body.

WITNESSES:

Principal

By: _____

WITNESSES:

Surety

By: _____

XXXXXX, Attorney-in-Fact

WITNESSES:

Obligee

By: _____

(Name/Title)

EXHIBIT A

SALE AGREEMENT FOR THE PLEASANT CREEK GAS STORAGE FIELD

EXHIBIT B

DECOMMISSIONING OBLIGATIONS AND REDUCTION IN MAXIMUM SUM

Type of Asset	Decommissioning Obligations	Amount
Compressor station, improvements and other personal property	<ul style="list-style-type: none"> • Disconnect all facilities to be decommissioned from active PG&E pipelines (L-400) or facilities. • Disconnect power feed at pole-mounted transformer • Remove all above ground equipment and buildings, including foundations, at compressor station and well sites • Remove all fencing and gates within the Facility • Remove all small diameter (<2") buried piping and electrical conduits at the compressor station and well sites • Remove storage containers and office trailers • Remove all buried pipelines and dispose appropriately based on analytical testing • Dispose of any remaining debris after removal of equipment work is completed • Close all open permits, including air permits and tank permits. 	US \$13,657,252.00
Pipelines	<ul style="list-style-type: none"> • Identify all pipelines that are proposed for abandonment. Identify taps, important features, and any branched routes/interconnection points between other transmission lines. Identify where fresh air sources can occur, where fresh air movers can be attached to the system, and where the primary blowdown location(s) will be. • The pipelines shall have any free liquids removed and be 100% purged of gas. The liquids will need to be collected in frac tanks and disposed of appropriately. • Physically disconnect the pipeline from any potential gas sources (i.e. at well pads and at the compressor station) and remove the pipeline route for disposal. • Underground pipelines will need to have the internal product be tested for hazardous contaminants. <ul style="list-style-type: none"> ○ Product is identified as hazardous material: Dispose of pipelines as hazardous waste ○ Product is identified as non-hazardous waste: Dispose of pipelines as scrap metal 	US \$2,500,000.00
Wells	<ul style="list-style-type: none"> • Submit Notice of Intent to CalGEM for plug and abandonment who issues permit (CEQA considered also) • Remove surface piping and barrier and prep location for rig mobilization • Mobilize rig onto well • Isolate and fill well with fluid • Remove tubing and any other removal equipment within the well 	US \$13,441,535.00

	<ul style="list-style-type: none"> • Step plugs as described in CalGEM Permit and pressure test plugs (plugs would consist of bridge plugs, retainers, cement, and fluid) • Demobilize rig from the well and dispose of any fluids and waste not used in operations • Cut wellhead off and weld cap on well • Reclaim and restore land surface • Dispose of all material resulting from abandonment of the well • CalGEM final approval upon their inspection 	
--	---	--

Exhibit F
Form of Land Use
Covenant

RECORDING REQUESTED BY AND RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Attn: Land Rights Library

Location: City/Uninc _____
Recording Fee \$ _____
Document Transfer Tax \$ _____
☐ This is a conveyance where the consideration and
Value is less than \$100.00 (R&T 11911).
☐ Computed on Full Value of Property Conveyed, or
☐ Computed on Full Value Less Liens
& Encumbrances Remaining at Time of Sale
☐ Exempt from the fee per GC 27388.1 (a) (2); This
document is subject to Documentary Transfer Tax

Signature of declarant or agent determining tax

LD#	Space Above for Recorder's Use
------------	---------------------------------------

COVENANT TO RESTRICT USE OF PROPERTY

ENVIRONMENTAL RESTRICTION

PG&E Pleasant Creek Natural Gas Storage (PCGS) Site
27094 County Road 32A, Winters, California
APNs 030-030-099-000

This Covenant ("Covenant") is made by Pacific Gas and Electric Company ("PG&E"). The property, which is situated in the County of Yolo, State of California and described in **Exhibit A** attached hereto and incorporated herein by this reference (the "Property"), is owned by PG&E.

Pursuant to Civil Code Section 1471, this Covenant is reasonably necessary to protect present or future human health or safety or the environment as a result of the presence on the Property of Hazardous Materials, as defined in Health & Safety Code ("H&SC") Section 25260. Accordingly, use of the Property shall be restricted as set forth in this Covenant, which restrictions are for the benefit of PG&E.

ARTICLE I

STATEMENT OF FACTS

1.1. **Property Description**. The Property, totaling approximately 320 acres, is

described in Exhibit A.

1.2. Site Conditions. Hazardous Materials, including volatile organic compounds, petroleum compounds, metals associated with the transportation and storage of natural gas, are present at the Property above levels acceptable for unrestricted land use. PG&E acquired the Property in 1958 and began using it as a natural gas storage facility in 1960.

ARTICLE II

DEFINITIONS

2.1. Claims. "Claims" means any and all claims, demands, suits, damages, debts, liabilities, costs, expenses, actions and causes of action of every kind and nature.

2.2. Department. "Department" means the California Environmental Protection Agency's Department of Toxic Substances Control and includes its successor agencies, if any.

2.3. Environmental Restrictions. "Environmental Restrictions" means all protective provisions, covenants, restrictions, requirements, prohibitions, and terms and conditions as set forth in this Covenant.

2.4. Hazardous Materials. "Hazardous Materials" shall have the same meaning as in California Health and Safety Code section 25260(d).

2.5. Improvements. "Improvements" include, but are not limited to buildings, structures, roads, driveways, improved parking areas, wells, pipelines, or other utilities.

2.6. Lease. "Lease" means lease, rental agreement, or any other document that creates a right to use or occupy any portion of the Property.

2.7. Occupant. "Occupant" or "Occupants" means Owner and any person or entity entitled by ownership, leasehold, or other legal relationship to the right to occupy any portion of the Property.

2.8. Owner. "Owner" or "Owners" means the Covenantor, and any successor in interest including any heir and assignee, who at any time holds title to all or any portion of the Property.

2.9. Response Action. "Response Action" means any action addressing risks to human health or the environment relating to Hazardous Materials at, on, under, or emanating from the Property.

ARTICLE III

GENERAL PROVISIONS

3.1. Runs with the Land. This Covenant sets forth Environmental Restrictions that apply to and encumber the Property and every portion thereof no matter how it is improved, held, used, occupied, leased, sold, hypothecated, encumbered, or conveyed. This Covenant (a) runs with the land pursuant to Civil Code section 1471; (b) burdens each and every portion of the Property; (c) is for the benefit of, and is enforceable by PG&E; and (d) is imposed upon the entire Property unless expressly stated as applicable only to a specific portion thereof.

3.2. Binding upon Owners/Occupants. This Covenant binds all Owners and Occupants of the Property, their heirs, successors, and assignees; and the agents, employees, and lessees of the Owners and Occupants and their heirs, successors, and assignees. Each Owner shall be jointly and severally liable for breach of the Restrictions by its lessees or licensees. Pursuant to Civil Code Section 1471, all successive Owners and Occupants of the Property are expressly bound hereby for the benefit of PG&E.

3.3. Written Notification of Restrictions. All Owners of the Property or any portion thereof, shall include in all deeds or Leases of all or any portion of the Property, the following statement: "Pursuant to California Civil Code Section 1471, in order to protect human health and safety and the environment, the property described in this [deed/easement/lease/sublease/license] is subject to a use limitation based on past environmental contamination of the property. To protect human health and safety, the property is subject to a covenant that runs with the land, which restricts the use of the property. Pacific Gas and Electric Company is the beneficiary of this covenant and restriction. Notwithstanding any failure to include such statement in any deed, easement, lease, sublease, or license, such covenant and restriction shall be binding on each successive owner or holder of a possessory interest in the property and shall run with the land. This statement is not a declaration that a hazard exists at the property."

3.4. Incorporation into Deeds and Leases. This Covenant shall be incorporated by reference in each and every deed, Lease or creation or conveyance of any possessory interest in all or any portion of the Property occurring after the date this Covenant is recorded in the Official Records of Yolo County.

3.5. Conveyance of Property. Owner shall, no later than thirty (30) days after any conveyance, provide written notice to PG&E of any change in ownership of the Property. The written notice shall include the name and mailing address of the new Owner of the Property and shall reference the site name listed on page one of this Covenant. The notice shall also include

the Assessor's Parcel Numbers (APNs) noted on page one and any APNs assigned to any portion of the Property as of the time of transfer.

ARTICLE IV RESTRICTIONS AND REQUIREMENTS

4.1. Restrictions. The Property may not be put to any use other than activities necessary for the production, storage, and transmission of natural gas.

4.2. Response Actions. Owner shall perform or cause to be performed – at Owner's sole cost – any Response Action that is requested, ordered, or overseen by any governmental agency.

ARTICLE V ENFORCEMENT

5.1. Indemnification. The Owner or Occupant, as the case may be, shall indemnify and defend PG&E against any and all Claims and any and all costs incurred (including, without limitation, costs of removing Improvements) arising out of or relating to such Owner's or Occupant's breach of this Covenant.

5.2. Injunctive Relief. In the event the Owner or Occupant fails to comply with any provision of this Covenant, PG&E shall be entitled to obtain injunctive relief from a court of competent jurisdiction compelling said Owner or Occupant to comply and to cure any such non-compliance. For example, if the Owner or Occupant allows the construction or placement of any Improvements upon any portion of the Property in violation of this Covenant, PG&E shall be entitled to an injunction (a) compelling the Owner or Occupant to remove such Improvements or (b) authorizing PG&E to cure such violation by removing such Improvements and recovering related costs from the Owner or Occupant or both.

ARTICLE VI VARIANCE, REMOVAL, AND TERM

6.1. Modification or Termination. The Owner may apply to PG&E for modification of or termination of any or all provisions of this Covenant. PG&E may grant or deny any such application in PG&E's sole, complete, and unfettered discretion. PG&E's discretion shall also include, without limitation, the discretion to condition approval of any such application upon

PG&E's receipt of (a) a copy of the Department's written approval of a human health risk assessment supporting the proposed change, (b) the applicant's written agreement to release and indemnify PG&E from and against any and all Claims arising out of or relating to the granting of the application, and (c) written evidence sufficient to demonstrate to the satisfaction of a reasonable person that the applicant has the financial ability to perform that indemnity obligation.

6.2 Term. This Covenant shall continue in effect in perpetuity unless terminated in accordance with paragraph 6.1, above.

ARTICLE VII

MISCELLANEOUS

7.1. Attorneys' Fees. If any party shall bring an action to enforce its rights under this Covenant, or relating to the interpretation hereof, whether for declaratory or other relief, the prevailing party in such proceeding shall be entitled to recover from the other party reasonable attorneys' fees and costs.

7.2. Notices. Whenever any person gives or serves any notice ("notice" as used here includes any demand or other communication with respect to this Covenant), each such Notice shall be in writing and shall be deemed effective (a) when delivered, if personally delivered to the person being served or to an officer of a corporate party being served; or (b) five calendar days after deposit in the mail, if mailed by United States mail, postage paid, certified, return receipt requested:

To PG&E: Pacific Gas and Electric Company
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Attn: Land Rights Library

With a copy to: Pacific Gas and Electric Company
3401 Crow Canyon Road
San Ramon, California 94583
Attn: Director, Environmental Remediation

7.3. Partial Invalidity. If this Covenant or any of its terms are determined by a court of competent jurisdiction to be invalid for any reason, the surviving portions of this Covenant shall remain in full force and effect as if such portion found invalid had not been included.

7.4. Statutory References. All statutory or regulatory references include successor

provisions.

7.5. Incorporation of Exhibits. All exhibits and attachments to this Covenant are incorporated herein by reference.

7.6. Successors and Assigns. This Covenant shall inure to the benefit of the successors and assigns of PG&E.

Covenantor: Pacific Gas and Electric Company, a California corporation

By: _____

Name/Title: Dawn Plise
Manager, Land Rights
Land Rights North

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of _____

On _____ before me,

(space above this line is for name and title of the officer/notary),

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal,

Signature of Notary Public (seal)

Exhibit A

The Property

(APN: 030-030-099)

(LD# 2408-01-0318)

1. The real property conveyed to Pacific Gas and Electric Company and described in Part 1 in that certain deed dated April 11, 1956, and recorded on July 30, 1956 in Volume 491 of Official Records at Page 163, Yolo County Records and more specifically described as follows:

“The SW¹/₄ of Section 8 and the NW¹/₄ of Section 17, T. 8 N., R. 1 W., M. D. B. & M.

Excepting therefrom and reserving to Grantors, for the benefit of the adjacent lands now owned by Grantors, a right of way on and over a strip of land forty (40) feet in width at such location on and over said real property as may be agreed upon by Grantors and Grantee, together with the right to surface the same and construct thereon or install therein pipes and ditches for conveying water to or from said adjacent lands of Grantors.”

EXHIBIT G**ENVIRONMENTAL REPORTS, DISCLOSURES AND OTHER DOCUMENTS**

ENVIRONMENTAL REPORTS AND DISCLOSURES			
Environmental Reports provided to Buyer:			
Document Date	Document Name	Author	File Reference
July 2007	Material Safety Data Sheet (MSDS) – Nitrogen	Praxair	
December 7, 2012	Analytical Report – Pleasant Creek Water Well	TestAmerica	
June 24, 2013	Pleasant Creek Water Well - Bacteria Analysis	CERCO Analytical	
March 2, 2015	Material Safety Data Sheet (MSDS) – Charcoal, Activated Carbon	Fisher Science Education	
August 9, 2016	Visual and Airborne Mercury Assessment Report	Forensic Analytical Consulting Services (FACS)	
September 29, 2016	Analytical Report – Pipeline Liquids	TestAmerica	
March 22, 2017	Analytical Report – Tank Samples	TestAmerica	
August 1, 2019	Material Safety Data Sheet (MSDS) – DOWTHERM SR-1 50 Heat Transfer Fluid, Dyed	The Dow Chemical Company	
April 15, 2020	Material Safety Data Sheet (MSDS) – Triethylene Glycol	The Dow Chemical Company	
August 26, 2020	Phase I Environmental Site Assessment	ERM-West Inc.	0562496
December 6, 2020	Material Safety Data Sheet (MSDS) – Mobil Pegasus 1005	ExxonMobil	
February 10, 2021	Waste Material Profile Sheet – Spent Carbon Contaminated with VOCs (D018)	CleanHarbors	
February 12, 2021	Generator's Waste Profile 567205-05 – Pipeline Liquids with Benzene	General Environmental Management of Rancho Cordova, LLC	
July 16, 2021	Phase II Environmental Site Assessment Summary Report	ERM-West Inc.	0586908

OTHER DOCUMENTS

Other documents provided to Buyer: The VDR Documents (defined in Section 5.9 of the Agreement)

EXHIBIT H

SELLER'S REPRESENTATIVES

Jessica Basilio (Senior Counsel, Law Gas & Electric Operations)

Aimee Crawford (Director, Land Management)

Larry Kennedy Jr. (Strategic Planning, Chief)

Mariano Mandler (Sr. Director, Environmental Management)

Lucy Redmond (Director, Gas Reservoir Engineering)

Chris Warner (Director, Transmission Integrity Management)

EXHIBIT I

DECOMMISSIONING OBLIGATIONS; DECOMMISSIONING SECURITY AMOUNT

Type of Asset	Decommissioning Obligations	Decommissioning Security Amount
Compressor station, improvements and other personal property	<ul style="list-style-type: none"> • Disconnect all facilities to be decommissioned from active PG&E pipelines (L-400) or facilities. • Disconnect power feed at pole-mounted transformer • Remove all above ground equipment and buildings, including foundations, at compressor station and well sites • Remove all fencing and gates within the Facility • Remove all small diameter (<2") buried piping and electrical conduits at the compressor station and well sites • Remove storage containers and office trailers • Remove all buried pipelines and dispose appropriately based on analytical testing • Dispose of any remaining debris after removal of equipment work is completed • Close all open permits, including air permits and tank permits. 	US \$13,657,252.00
Pipelines	<ul style="list-style-type: none"> • Identify all pipelines that are proposed for abandonment. Identify taps, important features, and any branched routes/interconnection points between other transmission lines. Identify where fresh air sources can occur, where fresh air movers can be attached to the system, and where the primary blowdown location(s) will be. • The pipelines shall have any free liquids removed and be 100% purged of gas. The liquids will need to be collected in frac tanks and disposed of appropriately. • Physically disconnect the pipeline from any potential gas sources (i.e. at well pads and at the compressor station) and remove the pipeline route for disposal. • Underground pipelines will need to have the internal product be tested for hazardous contaminants. <ul style="list-style-type: none"> ○ Product is identified as hazardous material: Dispose of pipelines as hazardous waste ○ Product is identified as non-hazardous waste: Dispose of pipelines as scrap metal 	US \$2,500,000.00
Wells	<ul style="list-style-type: none"> • Submit Notice of Intent to CalGEM for plug and abandonment who issues permit (CEQA considered also) • Remove surface piping and barrier and prep location for rig mobilization • Mobilize rig onto well • Isolate and fill well with fluid • Remove tubing and any other removal equipment within the well 	US \$13,441,535.00

	<ul style="list-style-type: none"> • Step plugs as described in CalGEM Permit and pressure test plugs (plugs would consist of bridge plugs, retainers, cement, and fluid) • Demobilize rig from the well and dispose of any fluids and waste not used in operations • Cut wellhead off and weld cap on well • Reclaim and restore land surface • Dispose of all material resulting from abandonment of the well • CalGEM final approval upon their inspection 	
TOTAL		US \$29,598,787

EXHIBIT J

DECOMMISSIONING COMPLETION CERTIFICATE

Buyer hereby delivers this Decommissioning Completion Certificate dated as of _____, _____ ("Effective Date") in accordance with that certain Sale Agreement for the Pleasant Creek Gas Storage Field, dated _____, 2023 ("Agreement") between Pacific Gas and Electric Company, as seller ("Seller"), and Pleasant Creek Gas Storage Holdings, LLC, as buyer ("Buyer"). All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

Buyer hereby certifies that:

1. Buyer has satisfied the Decommissioning Obligations with respect to the following Tangible Property: [_____].¹
2. The Decommissioning Obligations described in item 1 above have been fully completed in accordance with all applicable statutes, laws, orders, ordinances, judgements, decrees, directives, instructions, interpretations, rules and regulations in existence as of the Effective Date of any government authority, including common law, equity and other legal principles, and any permits, licenses or other governmental authority approvals, rights-of-way, easement agreements or other contracts in effect as of the Effective Date.
3. Attached hereto as Annex 1 is [[written confirmation from the applicable governmental authority.] OR [evidence reasonably satisfactory to Seller demonstrating that such Decommissioning Obligations have been satisfied, which may include an attestation from a duly qualified engineer reasonably acceptable to Seller, stating that such Decommissioning Obligations have been fully completed.]]²
4. The amount of Decommissioning Security related to the Decommissioning Obligations described in item 1 above is: [_____].³

Upon Seller's countersignature below, this Decommissioning Completion Certificate shall be approved for all purposes of the Agreement.

**PLEASANT CREEK GAS STORAGE
HOLDINGS, LLC**

**Accepted and agreed:
PACIFIC GAS AND ELECTRIC COMPANY**

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

¹ Insert type of Tangible Property from Exhibit I to the Agreement: (1) Compressor station, improvements and other personal property, (2) Pipelines, or (3) Wells.

² Use only if written confirmation from the applicable governmental authority is not available.

³ Insert amount from Exhibit I to the Agreement for the applicable portion of the Decommissioning Obligations that are the subject of this certificate.

FIRST AMENDMENT TO SALE AGREEMENT FOR THE PLEASANT CREEK GAS STORAGE FIELD

This First Amendment to Sale Agreement for the Pleasant Creek Gas Storage Field (this "Amendment") dated as of May 2, 2023 (the "Amendment Date"), is entered into by and between Pacific Gas and Electric Company, a California corporation ("Seller"), and Pleasant Creek Gas Storage Holdings, LLC, a Delaware limited liability company ("Buyer"). Seller and Buyer are referred to herein, collectively, as the "Parties" and each, individually, as a "Party".

Recitals

A. Seller and Buyer entered into that certain Sale Agreement for the Pleasant Creek Gas Storage Field, dated as of March 28, 2023 (the "Purchase Agreement"), concerning the purchase and sale of the Assets described therein.

B. The Parties desire to amend the Purchase Agreement as more fully set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained herein and other good and valuable consideration, the Parties agree as follows:

Agreement

1. Definitions. Unless the context otherwise requires, capitalized terms used and not defined herein (including in the recitals hereto) shall have the same meanings as set forth in the Purchase Agreement.

2. Amendment. Section 4.3 of the Purchase Agreement is hereby amended by replacing the reference to "Fifty Million dollars (US \$50,000,000)" with a reference to "Fifteen Million dollars (US \$15,000,000)".

3. Ratification. Except as expressly amended hereby, the Purchase Agreement is hereby ratified by the Parties and shall continue in full force and effect in accordance with the provisions thereof on the date hereof. As used in the Purchase Agreement, the terms "Agreement", "this Agreement", "herein", "hereinafter", "hereto" and words of similar import shall, unless the context otherwise requires, mean the Purchase Agreement as amended hereby.

4. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

5. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6. Electronic Signatures. This Amendment may be executed by electronic signatures (such as DocuSign or e-SignLive) or signatures transmitted in portable document format ("pdf"), and copies of this Amendment executed and delivered by means of electronic or pdf signatures shall have the same force and effect as copies hereof executed and delivered with manually executed original signatures. The parties may rely upon electronic and pdf signatures as if such signatures were manually executed originals and agree that an electronic or pdf signature page

may be introduced into evidence in any proceeding arising out of or related to this Amendment as if it were an original manually executed signature page.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the Amendment Date.

SELLER:

PACIFIC GAS AND ELECTRIC COMPANY

E-SIGNED by Christine Cowsert
on 2023-05-02 16:10:53 GMT

By: _____

Name: Christine Cowsert

Title: SVP, Gas Engineering

May 02, 2023

BUYER:

PLEASANT CREEK GAS STORAGE HOLDINGS,
LLC

By: ECORP NATURAL GAS STORAGE
HOLDINGS, LLC, its Sole Member

By: 
Name: John F. Thrash
Title: Company Manager

May 04, 2023

ATTACHMENT B

Attachment B Table Showing Sales Price, Expenses, and Tax Effects
Facility Sale - Pleasant Creek Gas Storage Facility
(Dollars)

1 SALES PROCEEDS

Sale Payment from Seller to Buyer	(11,500,000)
Estimated Transaction Costs	<u>(634,000)</u>
Total Estimated Sale Payment and Transaction Costs	<u><u>(12,134,000)</u></u>

2 ALLOCATION OF SALES PROCEEDS BASED ON THE HISTORICAL COST OF PROPERTY

	Historical	Proportional
	Cost	%
Depreciable Property (Land)	120,284	0.64%
Depreciable Property	14,457,867	76.87%
Cushion Gas	3,400,000	18.08%
Working Gas	829,282	4.41%
CWIP	<u>0.00%</u>	
	<u>18,807,433</u>	<u>100.00%</u>

3 BOOK GROSS GAIN/(LOSS) ON SALE

	Historical	Net	Sales	Pre-Tax	Book	
	Cost	Book Value	Proceeds	Gain/(Loss)	NBV	
Depreciable Property (Land)	120,284	24,057	(77,604)	(101,660)	24,057	
Depreciable Property	14,457,867	3,337,861	(9,327,789)	(12,665,650)	3,337,861	
Cushion Gas	3,400,000	3,400,000	(2,193,580)	(5,593,580)		
Working Gas	829,282	829,282	(535,028)	(1,364,310)		
CWIP	-	-	-	-		
	<u>18,807,433</u>	<u>7,591,200</u>	<u>(12,134,000)</u>	<u>(19,725,200)</u>	<u>3,361,918</u>	Depreciable Net Book Value

4 TAX GAIN/(LOSS) ON SALE

	Historical	Net	Sales	Pre-Tax	Net Tax Value	
	Cost	Tax Value	Proceeds	Gain/(Loss)		
Depreciable Property (Land)	120,284	120,284	(77,604)	(197,888)	120,284	
Depreciable Property	14,457,867	2,068,814	(9,327,789)	(11,396,602)	2,068,814	
Cushion Gas	3,400,000	3,400,000	(2,193,580)	(5,593,580)		
Working Gas	829,282	829,282	(535,028)	(1,364,310)		
CWIP	-	-	-	-		
	<u>18,807,433</u>	<u>6,418,379</u>	<u>(12,134,000)</u>	<u>(18,552,379)</u>	<u>2,189,098</u>	Depreciable Net Tax Value
					1,172,821	Depr Net Book Value less Depr Net Tax Value
					328,202	Deferred Tax Liability / (Asset)

Attachment B Table Showing Sales Price, Expenses, and Tax Effects
Facility Sale - Pleasant Creek Gas Storage Facility
(Dollars)

	Operating System	Other Depreciable Assets	Non-Depreciable Assets (Pre-Tax Allocation)	Sharing Allocation	Taxes 27.984%	After Tax Gain / (Loss)
5 <u>BOOK GAIN/(LOSS) ALLOCATION</u>						
Customers - 100% of Loss (Pre-Tax and After-Tax)	0%	100%	100%	(12,767,310)	3,572,804 *	(9,194,506)
Customers Pass-thru - 100% of Loss (Pre-Tax and After-Tax)				12,767,310	(3,572,804) *	9,194,506
Shareholders	100%	0%	0%	-	-	-
 Total Gain/(Loss) Allocation	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>-</u>
* No tax impact as the customer contribution / distribution will net the tax impact to zero.						

	Net Tax Value	Sales Proceeds	Pre Tax Gain/ (Loss)		Depreciable Property, CWIP, Cushion Gas, and
6 <u>TAXES ON PROPERTY</u>					
Depreciable Property (Land)	120,284	(77,604)	(197,888)		
Depreciable Property	2,068,814	(9,327,789)	(11,396,602)		
Cushion Gas	3,400,000	(2,193,580)	(5,593,580)		
Working Gas	829,282	(535,028)	(1,364,310)		
CWIP	-	-	-		
Totals	<u>6,418,379</u>	<u>(12,134,000)</u>	<u>(18,552,379)</u>		
			<u>Land (Non-Depreciable)</u>		
Taxable Gain / (Loss)			- a		(19,725,200) a
Customer Contribution / (Distribution)			- b		19,725,200 b
Net Taxable Gain / (Loss)			- c=a-b		- c=a-b
Tax Rate			27.984% d		27.984% d
Net Federal and State Income Tax			- e=c*d		- e=c*d
After Tax Gain / (Loss)			- f=a-e		<u>(19,725,200) f=a-e</u>
 After-Tax Customer Allocation		67%	- g=f*67%	100%	(19,725,200) g=f*100%
After-Tax Shareholder Allocation		33%	- h=f*33%	0%	- h=f*0%
Taxing Jurisdiction Allocation (Shareholder)			- i=e		- i=e
Total After Tax Gain / (Loss) Allocation			- j=g+h+i		<u>(19,725,200) j=g+h+i</u>

Attachment B Table Showing Sales Price, Expenses, and Tax Effects
Facility Sale - Pleasant Creek Gas Storage Facility
(Dollars)

7 RATE BASE CHANGES/NET LOSS

	Beginning	Changes	Ending
Gross Plant	14,578,151	(14,578,151)	-
Accumulated Depreciation Reserve	(11,216,232)	14,578,151	3,361,918
Deferred Tax Liability	(328,202)	328,202	-
Accumulated Decommissioning	(19,137,600)	19,137,600	-
Sale Payment and Transaction Costs Debited to Depreciation Reserve	-	12,134,000	12,134,000
Total	(16,103,884)	31,599,802	15,495,918
Cushion Gas			3,400,000
Working Gas			829,282
Loss on Sale			19,725,200

8 NET LOSS/DECOMMISSIONING

	Recover/(Return) from/(to) Customers
After-Tax Loss on Sale to be Recovered From Customers	19,725,200
2019 GT&S Adopted Decommissioning Accrual Amounts to be Returned to Customers	(19,137,600)
Subtotal	587,600
Forecast 2023 GRC Decommissioning Accrual Amounts to be Returned to Customers	(12,161,189)
Net Amount of Loss/Decommissioning Accrual Amounts to be Returned to Customers	(11,573,589)

ATTACHMENT C

Delaware

The First State

Page 1

*I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE CERTIFICATE OF FORMATION OF "PLEASANT CREEK GAS
STORAGE HOLDINGS, LLC", FILED IN THIS OFFICE ON THE SIXTH DAY
OF JANUARY, A.D. 2023, AT 4:42 O`CLOCK P.M.*



Jeffrey W. Bullock, Secretary of State

7224263 8100
SR# 20230058193

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202444073
Date: 01-07-23

STATE OF DELAWARE
CERTIFICATE OF FORMATION
OF LIMITED LIABILITY COMPANY

The undersigned authorized person, desiring to form a limited liability company pursuant to the Limited Liability Company Act of the State of Delaware, hereby certifies as follows:

1. The name of the limited liability company is Pleasant Creek Gas Storage Holdings, LLC.

2. The Registered Office of the limited liability company in the State of Delaware is located at 1209 Orange Street (street),

in the City of Wilmington, Zip Code 19801. The name of the Registered Agent at such address upon whom process against this limited liability company may be served is The Corporation Trust Company.

By: John F. Thrash
Authorized Person

Name: John F. Thrash
Print or Type

Delaware

The First State

Page 1

*I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE CERTIFICATE OF FORMATION OF "ECORP NATURAL GAS
STORAGE HOLDINGS, LLC", FILED IN THIS OFFICE ON THE SIXTH DAY
OF JANUARY, A.D. 2023, AT 4:44 O`CLOCK P.M.*



Jeffrey W. Bullock, Secretary of State

7224268 8100
SR# 20230058200

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202444075
Date: 01-07-23

STATE OF DELAWARE
CERTIFICATE OF FORMATION
OF LIMITED LIABILITY COMPANY

The undersigned authorized person, desiring to form a limited liability company pursuant to the Limited Liability Company Act of the State of Delaware, hereby certifies as follows:

1. The name of the limited liability company is eCORP Natural Gas Storage Holdings, LLC.

2. The Registered Office of the limited liability company in the State of Delaware is located at 1209 Orange Street (street), in the City of Wilmington, Zip Code 19801. The name of the Registered Agent at such address upon whom process against this limited liability company may be served is The Corporation Trust Company.

By: John F. Thrash
Authorized Person

Name: John F. Thrash
Print or Type



Secretary of State

Certificate of Qualification / Registration

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

Entity Name: eCORP Natural Gas Storage Holdings, LLC
Entity No.: 202356215636
Registration Date: 04/04/2023
Filing Type: Limited Liability Company - Out of State
Formed In: DELAWARE

The above referenced entity complied with the requirements of California law in effect on the Registration Date for the purpose of qualifying to transact intrastate business in the State of California, and that as of the Registration Date, said entity became and now is duly registered, qualified and authorized to transact intrastate business in the State of California, subject however, to any licensing requirements otherwise imposed by the laws of this State and that the entity shall transact all intrastate business within California under the Entity Name as set forth above.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of April 11, 2023.

SHIRLEY N. WEBER, PH.D.
Secretary of State

Certificate No.: 098974849

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at bizfileOnline.sos.ca.gov.



Secretary of State

Certificate of Qualification / Registration

I, SHIRLEY N. WEBER, PH.D., California Secretary of State, hereby certify:

Entity Name: Pleasant Creek Gas Storage Holdings, LLC
Entity No.: 202356215392
Registration Date: 04/04/2023
Filing Type: Limited Liability Company - Out of State
Formed In: DELAWARE

The above referenced entity complied with the requirements of California law in effect on the Registration Date for the purpose of qualifying to transact intrastate business in the State of California, and that as of the Registration Date, said entity became and now is duly registered, qualified and authorized to transact intrastate business in the State of California, subject however, to any licensing requirements otherwise imposed by the laws of this State and that the entity shall transact all intrastate business within California under the Entity Name as set forth above.

No information is available from this office regarding the financial condition, status of licenses, if any, business activities or practices of the entity.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of April 11, 2023.

SHIRLEY N. WEBER, PH.D.
Secretary of State

Certificate No.: 098967037

To verify the issuance of this Certificate, use the Certificate No. above with the Secretary of State Certification Verification Search available at bizfileOnline.sos.ca.gov.

ATTACHMENT D

Pleasant Creek Gas Storage Holdings, LLC
Balance Sheet
Tentative and Preliminary (UNAUDITED)

	<u>6/30/2023</u>
Assets	
Current Assets	
Stock Subscriptions Receivable	<u>\$ 1,000</u>
Total Assets	<u><u>\$ 1,000</u></u>
 Liabilities and Member's Equity (Deficit)	
Liabilities	
Notes Payable	<u>\$ 2,750,000</u>
Total Liabilities	<u>\$ 2,750,000</u>
Member's Equity (Deficit)	
Member's Capital	\$ 1,000
Retained Earnings (Deficit)	<u>\$ (2,750,000)</u>
Total Member's Equity (Deficit)	<u><u>\$ (2,749,000)</u></u>
Total Liabilities and Member's Equity	<u><u>\$ 1,000</u></u>

eCORP Natural Gas Storage Holdings, LLC
Balance Sheet
Tentative and Preliminary (UNAUDITED)

	<u>6/30/2023</u>
Assets	
Current Assets	
Stock Subscriptions Receivable	<u>\$ 1,000</u>
Total Assets	<u><u>\$ 1,000</u></u>
 Liabilities and Member's Equity (Deficit)	
Liabilities	
Member's Equity (Deficit)	
Member's Capital	\$ 1,000
Retained Earnings (Deficit)	<u>\$ -</u>
Total Member's Equity (Deficit)	<u><u>\$ 1,000</u></u>
 Total Liabilities and Member's Equity	 <u><u>\$ 1,000</u></u>

Pleasant Creek Gas Storage Holdings, LLC
Income Statement
For the Six Months Ended June 30, 2023
Tentative and Preliminary (UNAUDITED)

Revenues	\$ -
Expenses	
Selling, general, and administrative	<u>\$ 2,312,000</u>
Total expenses	<u>\$ 2,312,000</u>
Operating gain (loss)	\$ (2,312,000)
Other (income) expense	
Distributions	<u>\$ 438,000</u>
Total other expense	<u>\$ 438,000</u>
Net loss	<u>\$ (2,750,000)</u>

eCORP Natural Gas Storage Holdings, LLC
Income Statement
For the Six Months Ended June 30, 2023
Tentative and Preliminary (UNAUDITED)

Revenues	\$	-
Expenses		
Selling, general, and administrative	\$	-
Total expenses	\$	-
Operating gain (loss)	\$	-
Net income (loss)	\$	-

VERIFICATION

I, John F. Thrash, hereby declare that I am the Manager of Pleasant Creek Gas Storage Holdings, LLC and am authorized to make this verification on behalf of Pleasant Creek Gas Storage Holdings, LLC; that I have read the foregoing *JOINT APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39G), PLEASANT CREEK GAS STORAGE HOLDINGS, LLC AND ECorp NATURAL GAS STORAGE HOLDINGS, LLC FOR APPROVAL OF THE SALE OF THE PLEASANT CREEK GAS STORAGE FIELD UNDER PUBLIC UTILITIES CODE SECTION 851, TRANSFER OF CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, AND DESIGNATION AS AN INDEPENDENT STORAGE PROVIDER* and that the information related to Pleasant Creek Gas Storage Holdings, LLC set forth therein is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury pursuant to the laws of the state of California that the foregoing is true and correct.

Executed July 18, 2023 in Houston, Texas.

/s/ John F. Thrash
JOHN F. THRASH

VERIFICATION

I, John F. Thrash, hereby declare that I am the Manager of eCORP Natural Gas Storage Holdings, LLC and am authorized to make this verification on behalf of eCORP Natural Gas Storage Holdings, LLC; that I have read the foregoing *JOINT APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39G), PLEASANT CREEK GAS STORAGE HOLDINGS, LLC AND ECORP NATURAL GAS STORAGE HOLDINGS, LLC FOR APPROVAL OF THE SALE OF THE PLEASANT CREEK GAS STORAGE FIELD UNDER PUBLIC UTILITIES CODE SECTION 851, TRANSFER OF CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, AND DESIGNATION AS AN INDEPENDENT STORAGE PROVIDER* and that the information related to eCORP Natural Gas Storage Holdings, LLC set forth therein is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury pursuant to the laws of the state of California that the foregoing is true and correct.

Executed July 18, 2023 in Houston, Texas

/s/ John F. Thrash
JOHN F. THRASH

VERIFICATION

I, Christine Cowsert, hereby declare that I am Senior Vice President, Gas Engineering of Pacific Gas and Electric Company and am authorized to make this verification on behalf of Pacific Gas and Electric Company; that I have read the foregoing *JOINT APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39G), PLEASANT CREEK GAS STORAGE HOLDINGS, LLC AND ECorp NATURAL GAS STORAGE HOLDINGS, LLC FOR APPROVAL OF THE SALE OF THE PLEASANT CREEK GAS STORAGE FIELD UNDER PUBLIC UTILITIES CODE SECTION 851, TRANSFER OF CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, AND DESIGNATION AS AN INDEPENDENT STORAGE PROVIDER* and that the information related to Pacific Gas and Electric Company set forth therein is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury pursuant to the laws of the state of California that the foregoing is true and correct.

Executed July 17, 2023

/s/ Christine Cowsert
CHRISTINE COWSERT